

BUSINESS WEEK

YEAR
AGO



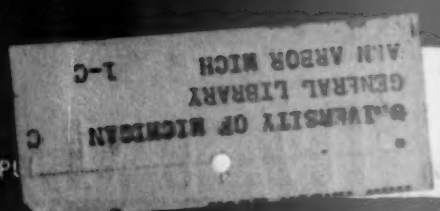
WEEK
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START
OF
WAR
1939



Peace for labor too? Green, Johnston, Murray, and Mosher confer at the White House



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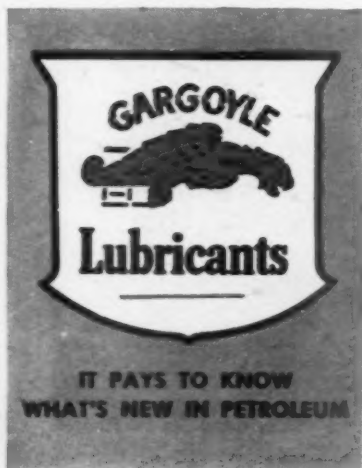
New greases that are standing up under far higher temperatures and heavier loads than previous products.

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production to new higher levels.

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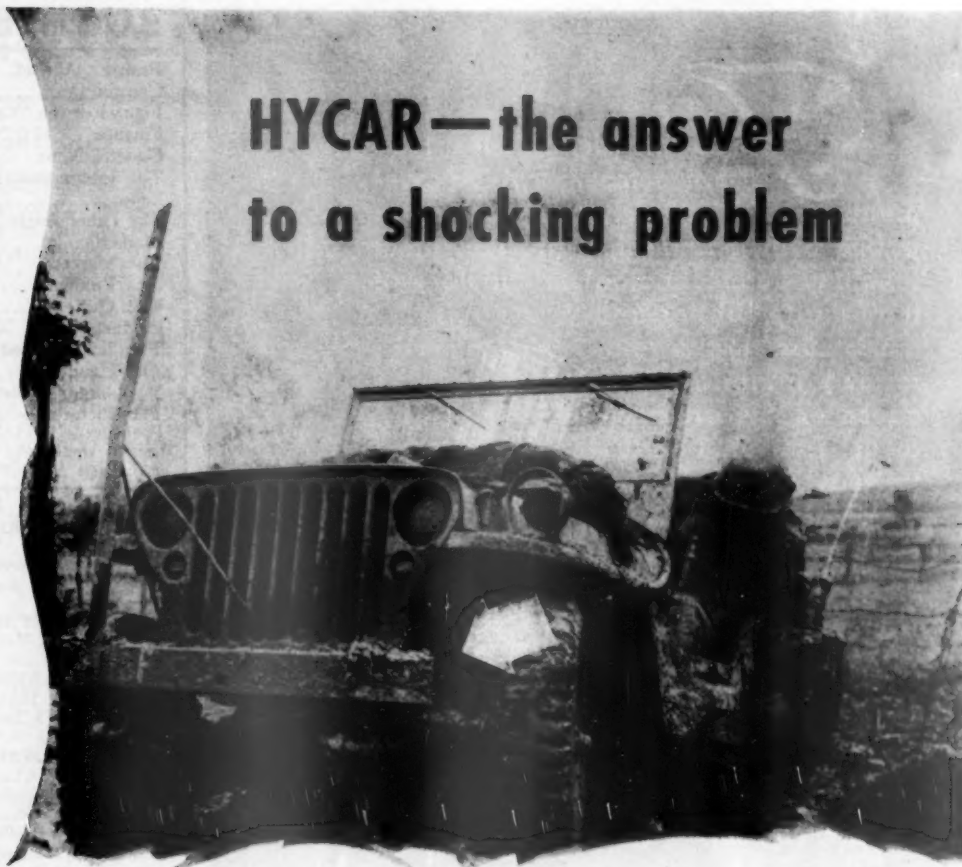
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parts by Ohio Rubber Co.

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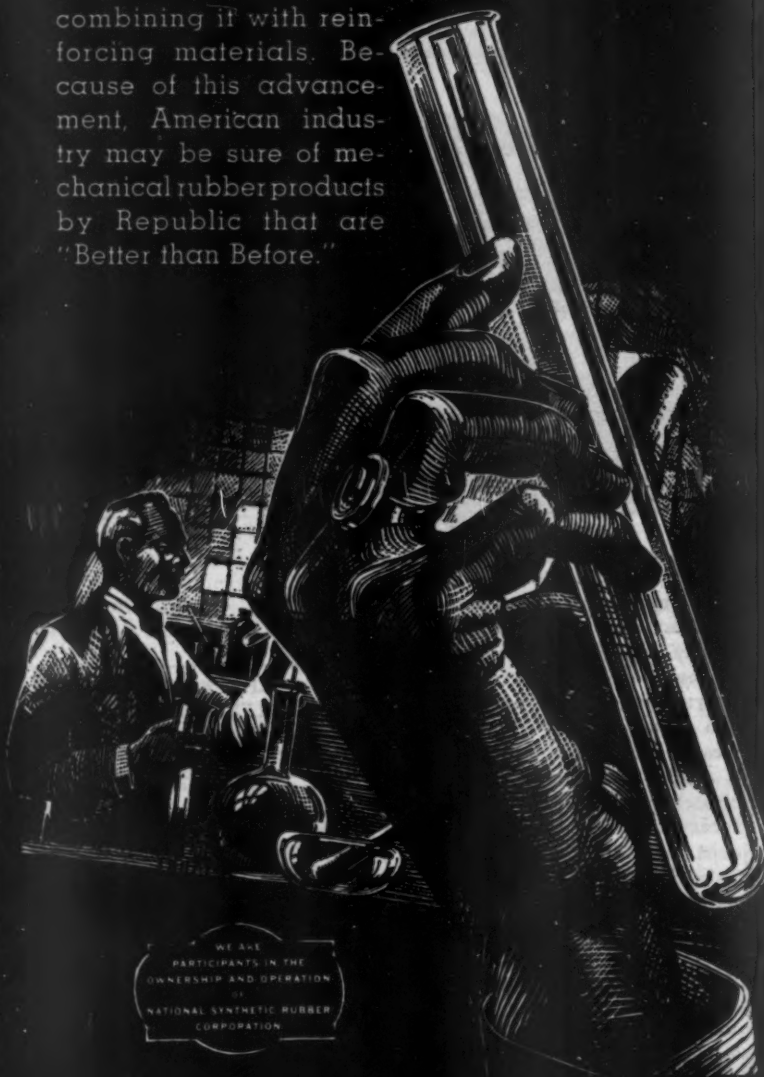
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PUBLISHER

Paul Montgomery

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POSTWAR CONGRESS

President Truman's message to Congress this week was comprehensive, thorough-going, but it did not particularly stir Congress because most of his recommendations were already in its hands.

The President told Congress that there is plenty for it to do—and much that it shouldn't do—to help tide the country over the reconversion period, instead of holding a club over the congressmen, he urged them to double their own pay to \$20,000.

It is already apparent that Congress is going to water down his proposals with reference to increased unemployment compensation for released war workers, the full employment bill, and minimum wage. It is going to wait and see before renewing the draft law beyond May 15, 1946. It's apparently ready to revamp the surplus property disposal setup without much delay. On tax relief in 1946, Congress, of course, will go as far as it can push the Administration.

Wartime Agencies

Truman advised Congress not to proclaim termination of the war, the emergency, or cessation of hostilities, because that would automatically abolish many war powers and wartime agencies that are still needed. He asked instead for prompt extension of the Second War Powers Act, which expires Dec. 31, as this law covers production and inventory control, allocations of food, set-asides of commodities, and rationing.

Anti-Inflation

Businessmen will be aided in planning their activities over the coming year by knowing in advance whether the government is going to keep the brakes on inflation. Count on him, said Truman, not to exercise such powers longer than necessary for "orderly stabilized reconversion."

The President asked Congress not to tamper with the stabilization act, which expires June 30, but he evidently has no present intention of seeking its extension. He urged that liberal appropriations be made for the U. S. Employment Service, but requested that this should not yet be returned to the states, a reversal of his previous position (BW—Sep. 1 '45, p. 5).

Agriculture

On agriculture, the President committed himself to a vigorous price-support program and asked the cooperation

of Congress in making funds available, pending study looking to gradual elimination of wartime food subsidies.

Housing

The President's recommendations on housing are designed to satisfy both private builders and public housing sponsors. He declared that the cardinal principle of legislation should be that house construction and financing for the "overwhelming majority" be done by private enterprise, but that the government should initiate a program of federal aid for the redevelopment of slum areas, and resume the prewar program of federal aid to communities for low-rent housing.

Research

Truman's recommendation for establishment of a single federal research agency to promote and support research in national defense, in the basic sciences, social sciences, medicine, and public health will rouse considerable controversy. Those who fear government dictation are somewhat reassured by his emphatic statement that his proposal is not intended to impair the "free intelligence of the scientist."

SHARING A-BOMB SECRET

Misleading impressions have arisen from remarks of Edward R. Stettinius, American United Nations representative, on the government's attitude toward "sharing" the atomic bomb. The United States and Britain are not prepared to disclose to others the secrets of the A-bomb; they are prepared to place some of the A-bombs at the disposal of the World Security Council to preserve future peace.

Any future sharing of the secret will have to be a part of pooling all military secrets among the big powers, and there's no present evidence that the Soviet Union is ready to consider such a policy.

AS BOWLES SEES IT

Price Administrator Chester Bowles' theory is that prices may well fall below ceilings in the next six months, only to break into wild rises later.

OPA has promised that it will eliminate price curbs on items that fail to fetch ceilings. The problem is to restore control if Bowles' theory of a delayed inflation proves correct. His

plan is to suspend ceilings for 90-day periods, subject to restoration.

Bowles' prophecy may be influenced by hope of extending the Price Control Act beyond next June 30, but officials who have to administer the plan have their fingers crossed. If a given price advances 20%, say, above the ceiling, will it be politic to attempt rolling it back just as OPA is approaching its statutory expiration date?

TRAINING FOR VETERANS

The Veterans Administration is trying to spread word among employers that the G.I. Bill of Rights is an asset in building job training programs. It can be used to attract and partially to finance veterans taking company courses, when ex-servicemen discover that the high-pay war jobs no longer exist.

The G.I. bill grants cash benefits to veterans going to schools accredited by state boards of education. The states are accepting not only schools and colleges but also commercial concerns. Companies which want to train craftsmen, salesmen, and other personnel are invited to present their proposals to the state boards. The regional VA offices explain how to go about it. National companies may write to the national VA office.

The Veterans Administration in Washington directly finances disabled veterans taking special courses.

Those handling the work are receptive to company training. They are not especially worried that companies might use the plan to get partial government financing for expenses they usually carry themselves. Officials are confident that, with several vigilant organizations in the field, no concern would dare to exploit veterans.

AUTO FORECASTS VARY

Although the auto industry is hoping to turn out 500,000 passenger cars this year, WPB statisticians are not so optimistic; they figure that output will be closer to 300,000.

For 1946—assuming a model change-over at midyear—WPB looks for 3,600,000 cars to roll off assembly lines, not far from 1941 output. By quarters, the estimates are: first 700,000; second 1,000,000; third 800,000; fourth 1,100,000.

Quarterly output will move up to 1,300,000 in the first three months of

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7, according to WPB analysts. At level, the annual rate would be well above the record of 4,600,000 cars set in 1939.

FARM BUREAU ECLIPSED

Don't look for a sharp break between Dept. of Agriculture and the American Farm Bureau Federation. Secretary of Agriculture Clinton P. Anderson doesn't want it to come to that, but it is a fact that the department's reorganization eclipses the federation's influence. Although the Agricultural Adjustment Administration organization, the farm bureau's ancient enemy, drops out of the picture, old AAA men are in the saddle in Anderson's new setup (W-Aug. 25 '45, p21).

The Farm Bureau may continue to dominate the Extension Service at the state level. But with Norris Dodd, former head of AAA, running the new draft service division created in Anderson's reorganization, the Farm Bureau will have to rely on its guns on Capitol Hill.

INTERAGENCY CONFLICT

Is a Federal Trade Commission cease and desist order against false advertising of a product a full defense against prosecution on charges of false labeling under the federal Food, Drug & Cosmetic Act?

The Dept. of Justice has made up its mind that the doctrine of res judicata does not apply in such cases, and will back its opinion in an appeal that will ultimately go to the Supreme Court.

Supreme Court May Decide

The issue first came to a head in a misbranding case instituted by the Food and Drug Administration in Indiana. The defendant, Willard Tablet Co., argued that the issues had already been decided in a proceeding before FTC. The district court agreed, the government appealed, and the seventh circuit upheld the lower court's decision.

The Justice Dept. declined to take the case to the Supreme Court but has now decided to appeal a somewhat similar case—U. S. vs. five cases of Capon Springs Water—to the second circuit in New York, following dismissal of an FDA seizure action. If the second circuit comes up with an opinion contrary to the seventh, only the Supreme Court can break the stalemate.

These and other recent cases are evi-

dence of the jurisdictional conflict which has been building up between the two government agencies since Congress took advertising control out of the Food, Drug & Cosmetic Act of 1938 and gave it to the FTC. Control of labeling was reserved to FDA, but Congress was not successful in preventing the legal conflicts typified by the res judicata cases.

NEW AIRCRAFT PROGRAM

The aircraft program has been on a seesaw since the winning of the Pacific war. Immediately after Japan surrendered, the Army and Navy presented a two-year peacetime program totaling about \$3,000,000,000, but top planning officials considered it too high. The services came back with a \$1,300,000,000 program built around a mere handful of models. Cuts were so drastic that some plane manufacturers, such as Boeing, threatened to shut shop entirely.

This had its effect. The latest proposal stands at \$2,100,000,000, one-third of it for experimental work. The expenditure is spread around to keep major military producers reasonably satisfied.

In numbers, the latest peacetime proposal comes to 5,700 planes over the next two fiscal years. During 1944, production of 8,000 in a single month was not unusual.

MAY DEFER LOAN INTEREST

The Dept. of Commerce estimates that the British will start to show higher exports than imports about 1952. This is a straw pointing to the course of loan negotiations.

The British have stated again and again that they do not want to incur liabilities until they see how they can meet them. They are reported to have suggested a loan that would be serviced only when their trade balance is favorable. The United States may offer a loan on which annual charges will be subject to a long preliminary period of grace on that basis.

SURPLUS REPORT DUE

Reports on how war surplus steel and aluminum plants fit into the postwar economy will be submitted to Congress this week end by the Surplus Property Board. These reports have nothing to

do with eventual sale of the plants (page 15).

Later, the board will report to Congress, as required by law, whenever it has a buyer for a plant costing \$5,000,000 or more. Neither the board nor anybody else knows what happens after that. The law leaves it up in the air.

DISCHARGE RATE RISES

Discharges from the Army, Navy, Marine Corps, and Coast Guard are expected to total 400,000 this month, rising to 600,000 in October, 800,000 in November, and 1,000,000 a month by the end of the year. Adding in the number of men and women discharged between V-E Day and September, the grand total for this year should approximate 5,000,000.

Beginning with January, 1946, discharges will probably run slightly more than 1,000,000 a month as against new draft calls of 60,000 or 70,000.

WPB WANTS TO KNOW

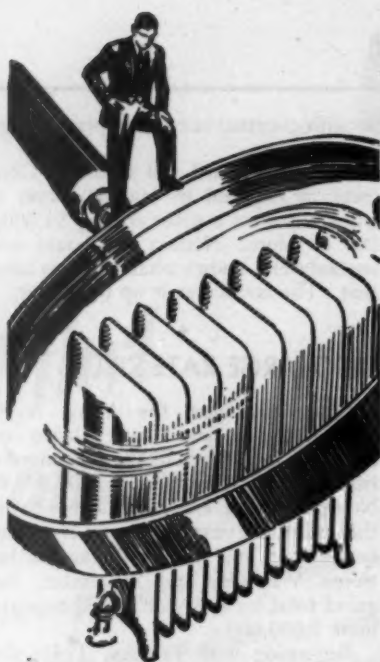
Now that the war is over, progress reports on reconversion may become a monthly fixture at WPB, replacing the familiar reports on munitions production.

Although Chairman J. A. Krug presented an initial reconversion summary last week, it was necessarily based on very rough information. WPB is now trying to devise a system of data-gathering on such things as unfilled orders, shipments, and employment by products for plants in 60 or 70 major industries. This information would be compiled weekly, published each month.

CCC HAS ITS WORRIES

Cotton and wool threaten to play hob with the Commodity Credit Corp.'s dwindling bankroll. The agency has more than \$500,000,000 tied up in cotton that must eventually move at lower prices. Its losses on wool are expected to top \$160,000,000.

Agriculture Dept. officials who want to hold down next year's cotton plantings are stopped by present crop control laws which prevent a compulsory limit of less than 27,500,000 acres. The situation isn't so bad as it might be because this year's plantings totaled only 18,355,000 acres, but officials expect a sharp increase in 1946 acreage, stimulated by a government guaranteed



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price of better than 20¢ a lb. and an easier labor supply. So far, the southern farm bloc has been cool to feelers that Congress lower the acreage limit.

Caught in a Wool Tangle

In wool, the tangled skein is a commitment to pay ceiling prices while foreign wool is abundantly available at 20¢ a lb. (scoured basis) less than domestic. Officials are trying to screw up courage to cut the government selling price on present holdings of 300,000,000 lb. plus estimated purchases of 500,000,000 lb. at ceiling through next June.

Recent termination of an order that made the CCC sole buyer of domestic wool doesn't change the situation, because CCC is still the highest bidder for raw wool.

CAPITAL GAINS (AND LOSSES)

Employers writing to former employees overseas are advised by postal officials that specific geographical locations should not be used. Army and Fleet P. O. numbers still assure fastest delivery to men on the move.

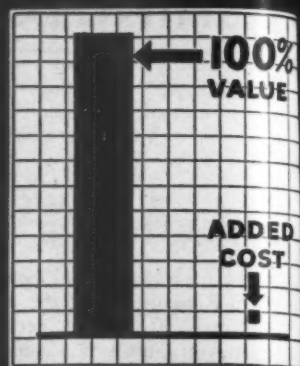
Priority travel on airlines is expected to eliminate itself by Oct. 15, the official date of its abolition. By Sept. 15, 90% of space will be available on a first-come, first-served basis.

There is every evidence that the Pearl Harbor debacle will carry over into the 1948 presidential campaign. A full-scale congressional investigation now seems assured. Aggressive Republican senators intend to press their case until they find out whether they can pin part of the responsibility upon the White House itself—responsibility either for inept diplomacy or for lack of alertness on the part of the then commander-in-chief, Franklin Roosevelt.

—Business Week's
Washington Bureau

THE COVER

The White House gathering of A.F.L.'s William Green, the U. S. Chamber of Commerce's Eric Johnston, C.I.O.'s Philip Murray, and the National Assn. of Manufacturers' Ira Mosher was a preliminary to this week's exploratory meeting to discuss the possibility of a management-labor conference to assure domestic peace. Obstacles—personal, social, and political—in the delegates' paths are plentiful. Chances of the preliminary session's bogging down, even becoming an experiment perilous, far outweigh chances of success, but generals in both camps are willing to test the novelty of long-range labor-front peace planning.



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THE OUTLOOK

BUSINESS WEEK
SEPTEMBER 8, 1945



The door was opened to widespread government-sponsored wage increases this week by Economic Stabilization Director William H. Davis.

His statement on Tuesday that a new price-wage formula would be ready soon was timed to take the heat off when labor-management leaders sat down on Thursday to prepare the agenda for the forthcoming "peace conference." Labor otherwise would have talked little but hourly rates.

But, if the wage issue has been damped down for conference purposes, it has been blown wide open for organized labor's drive.

Opening gun will be C.I.O.'s steelworkers' meeting in Pittsburgh Sept. 11 to draft industry-wide wage demands—and there should be no surprise if they ask a boost of as much as 30% in hourly rates.

That will touch off the broad campaign to maintain take-home pay.

The steel industry already is before OPA with a request for an over-all price increase on the basis of the situation as it is now. The steel men haven't waited to be confronted with the impending wage demands.

Washington strategy now appears to be to blunt one of industry's bargaining weapons, the argument that wages can't be raised without a compensating increase in prices.

Davis' thesis is that added costs can be absorbed—that living standards can be raised 50% in five years at constant prices. This is a long-range challenge to industry to increase its technological efficiency.

Operations of the steel industry seem to have shaken down at around 75% of capacity for the moment, at least.

This is an important factor in weighing the industry's likelihood of winning a further price advance from OPA.

Wages and prices have gone up from the prewar level. Measuring increased costs in terms of the break-even point, the industry probably begins to show earnings on common stock when operations top 60%.

Thus break-even is about ten points higher than the prewar 50%.

If earnings now are below the 1936-39 period, OPA presumably would consider higher prices. But operations over that period averaged about 65% on a break-even of 50%; present operations are around 75% against a break-even of, presumably, 60%.

The difference may not be enough to force action by OPA.

Present operations of the steel industry, after the very deep military cutbacks, are very much better than many steel men had hoped for.

They had looked for a drop to 60% or even to 50%. **However, it now appears that new orders are exceeding shipments at the 75% operating rate; some observers predict a rise rather than a decline in activity.**

Actually, operations at the present level represent a whale of a lot of steel. At the industry's prewar capacity, the current 75% output would have been equivalent to 91½% operations in 1937, 87% in 1939, or 85% in 1941 (due to the expansion of capacity since those dates).

Ability of the steel industry to maintain or increase its rate of operations will provide one of the most critical business indicators for the remainder of this year.

The initial shock of virtually all military business being wiped off the

THE OUTLOOK (Continued)

BUSINESS WEEK
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books was softened by inventory replenishment, jobber demand being notably strong. This business isn't expected to run beyond November.

Meanwhile, reconversion will become the deciding factor.

• Only within the last few days has demand from the automobile industry made itself felt to any great extent.

Tinplate continues to take a healthy tonnage, and there is a big unsatisfied demand for steel drums. Needs of farm implement and railway equipment manufacturers will continue their sharp rise.

But there will be idle capacity for heavy products, heretofore devoted to war, while reconversion demand is mostly for light stuff.

Consumers of steel shouldn't count too strongly on any price cutting.

• As long as the mills can maintain operations at 75%, it is hardly likely that any will offer price concessions.

The feeling, in fact, is that they could make price increases stick if OPA were to allow any boosts.

But operations wouldn't have to go much below 75% for this to change.

• Plans of the United States Steel Corp. to establish a mill at tidewater for competitive reasons (BW—Nov.25'44,p10) has the industry buzzing.

This doesn't necessarily mean a new expansion in steel capacity. **Don't be surprised if Big Steel up and moves a mill—from blast furnaces to diversified finishing facilities—into the New York area.**

Pittsburgh believes the plan is set, New Jersey the chosen site.

Object is to compete with Bethlehem Steel's water freight rates from Baltimore into eastern industrial markets and to the West Coast.

• The argument about whether to plow or not to plow (BW—Nov.27'43,p79) is definitely scheduled to be with us for a long time.

The Dept. of Agriculture concedes that opinions differ about the merits of plowing "for different purposes, on different soils, and under different conditions." In the semiarid Great Plains, small grains, for example, may sometimes be planted without plowing following corn.

But Agriculture still recognizes the moldboard plow as perhaps the farmer's "most important implement" and has issued Farmers' Bulletin 1690 on its use, on saving power, and on suitable soil preparation.

• **Individual industries' appraisals of their own prospects, drawn up for WPB, support Business Week's optimism (BW—Aug.18'45,p15).**

Information received on 42 industries representing 3,750 manufacturers showed that most expected to equal dollar volume of a 1939-41 base period by the end of this year. Some figure on doing very much better.

Several important lines, such as autos and refrigerators, don't expect quite to reach the volume of the base period by the year end—but they will go over the top soon after the first of 1945.

Others—farm implements, small electrical appliances, commercial air conditioning—will be way above the base by December.

And a few, notably construction equipment, will run at several times the base period, even though output actually will decline from recent levels due to the huge amount of war work they have been doing.

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FIGURES OF THE WEEK

THE INDEX (see chart below). *177.0 †184.6 211.9 231.0 232.9

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	74.9	74.5	87.9	95.9	95.1
Production of Automobiles and Trucks.....	13,845	14,880	18,690	18,545	20,055
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$6,281	†\$5,983	\$8,237	\$6,134	\$7,187
Electric Power Output (million kilowatt-hours).....	4,137	4,116	4,432	4,472	4,415
Crude Oil (daily average, 1,000 bbls.).....	4,876	4,892	4,922	4,765	4,658
Bituminous Coal (daily average, 1,000 tons).....	2,000	†1,361	1,999	1,988	2,013

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	77	†78	82	81	86
All Other Carloadings (daily average, 1,000 cars).....	66	†64	65	48	65
Money in Circulation (Wednesday series, millions).....	\$27,600	\$27,506	\$27,130	\$25,750	\$23,221
Department Store Sales (change from same week of preceding year).....	+6%	†-16%	+15%	+21%	+18%
Business Failures (Dun & Bradstreet, number).....	16	16	18	18	14

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	254.5	254.2	255.0	255.3	249.9
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	168.0	168.0	166.5	166.4	165.3
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	224.3	224.6	226.7	226.2	223.4
Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$18.84
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (Kansas City, bu.).....	\$1.60	\$1.59	\$1.60	\$1.66	\$1.51
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.74¢
Cotton (middling, ten designated markets, lb.).....	22.38¢	22.28¢	22.53¢	21.79¢	21.33¢
Wool Tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.330
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	122.8	120.3	115.6	113.6	101.1
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.26%	3.27%	3.27%	3.38%	3.56%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.62%	2.62%	2.61%	2.62%	2.71%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	38,140	37,587	37,533	37,018	35,097
Total Loans and Investments, reporting member banks.....	62,546	62,680	63,696	58,501	55,700
Commercial and Agricultural Loans, reporting member banks.....	5,982	5,948	5,926	6,251	5,984
Securities Loans, reporting member banks.....	4,256	4,326	4,837	2,982	2,648
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	46,371	†46,458	47,000	43,912	41,675
Other Securities Held, reporting member banks.....	3,334	†3,334	3,303	2,955	2,960
Excess Reserves, all member banks (Wednesday series).....	1,020	1,050	1,040	965	884
Total Federal Reserve Credit Outstanding (Wednesday series).....	23,063	23,142	22,564	20,158	16,167

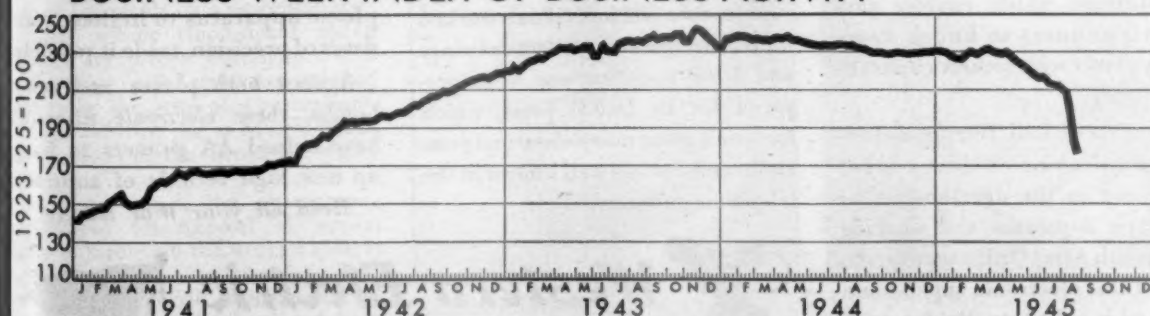
* Preliminary, week ended September 1st.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Electrical Weapons by the Maker of Bell Telephones

No. 4 of a series: for the Army Ordnance Department



The *Electrical* Brain in its sandbag pit

In a trailer, protected by sandbags, an amazing device solves involved mathematical problems with lightning speed. It is an *electronic* gun director which enables anti-aircraft gunners to knock down enemy planes with hitherto unheard of accuracy.

Scientists of Bell Telephone Laboratories, drawing on their years of experience in the development of telephone apparatus and working closely with Army Ordnance experts, evolved this electronic super-brain which adds, subtracts, divides, multiplies, differentiates, integrates,

and "consults" ballistic tables—all the while instantly and continuously aiming the guns at the spot calculated to destroy a speeding target!

More than 500 individuals worked on the design—over 5,000 drawings and 1,100 specifications were prepared for its 16,000 parts, which include a great many electrical principles and devices well known in the telephone industry.

Quantity production of this complex device held many problems. But Western Electric's long experience in building complex Bell Telephone apparatus to highest standards of precision, made it possible.

Against both planes and robot bombs, these *electronic* directors have helped AA gunners to hang up new high records of accuracy.

Hold all your War Bonds!



Western Electric

IN PEACE...SOURCE OF SUPPLY FOR THE BELL SYSTEM.
IN WAR...ARSENAL OF COMMUNICATIONS EQUIPMENT.



U. S. Faces \$16-Billion Question

Machinery for surplus plant disposal is badly snarled as war's end catches government unprepared. Its solution to economic and social problem may affect difference between boom and slump.

With the end of the war, the U. S. government is suddenly faced with the problem of liquidating its \$16,000,000,000 investment in industrial plants and facilities (Report to Executives; BW—May 26 '45, p. 43). The way it goes about the job may do a lot to make the difference between boom and slump in the postwar period.

Industry Wary—Government-owned plants employed some 4,000,000 workers during the war. To maintain the high-production and high-employment economy that the country has set its heart on, private business will have to utilize a large part of the government-owned facilities or set itself the task of constructing new plants to replace them.

As long as the government plants hang over the market unsold, private operators will be wary of investing money in projects that might suffer if the government later sold at distress prices. Hence, the extent to which government plants are transferred to private hands—and the speed—will be a big factor in determining when and whether the country can get a high-production economy running under its own power.

Germ of Socialism?—There's another way of looking at it. The government's gigantic plant construction program was a war-enforced venture in state socialism. Now that the war is over, the problem is to wind up the venture and dispose of the assets. If the disposal machinery breaks down, the government is more than likely to try operating some of the plants on a peacetime basis itself—to provide employment and a hardstick for private operations. It is possible for each government-owned plant to be the germ of a government-operated industry, just as Muscle Shoals was the germ of the Tennessee Valley Authority.

As things stand, the government's preparations for disposal of surplus plants probably are the weakest spot in the whole current reconversion situation. Disposal officials, shorthanded and waddled in layers of legal red tape, were caught flatfooted by the sudden rush of surplus declarations—just as they

had predicted helplessly earlier that they would be.

• **Still Reeling**—The responsibility for plant disposal rests jointly with the three-man Surplus Property Board, which defines policy, and the Reconstruction Finance Corp., which handles the actual selling. When the war ended, RFC had 72 plants listed as surplus and available for sale. It already had sold ten, leased eight.

Last week, the Army announced that it was through with 252 other installations, built at a cost of about \$1,484,000,000, covering 49,478,000 sq. ft. of floor space. While disposal officials were still reeling from this news, the Navy informed them that it was getting out of 140 other government-owned plants.

• **List for Standby Use**—More declarations will shower down from both Army and Navy in coming weeks, but all the government's investment in plant and equipment won't be liquidated, even over the long run. Many specialized facilities—of which the atomic bomb plants are the shining example—will stay

in federal hands. So will some arsenals and ordnance plants needed to supply the peacetime needs of the military. The Army and Navy also have a list—not yet published because it is being changed on an average of once a week—of plants that they would like to keep in standby as a precaution against another war.

With military requirements subtracted, the government probably will still have somewhere between \$10,000,000,000 and \$12,000,000,000 worth of facilities available for sale. It almost certainly won't find takers for all this, even if it uses every trick in the salesman's book.

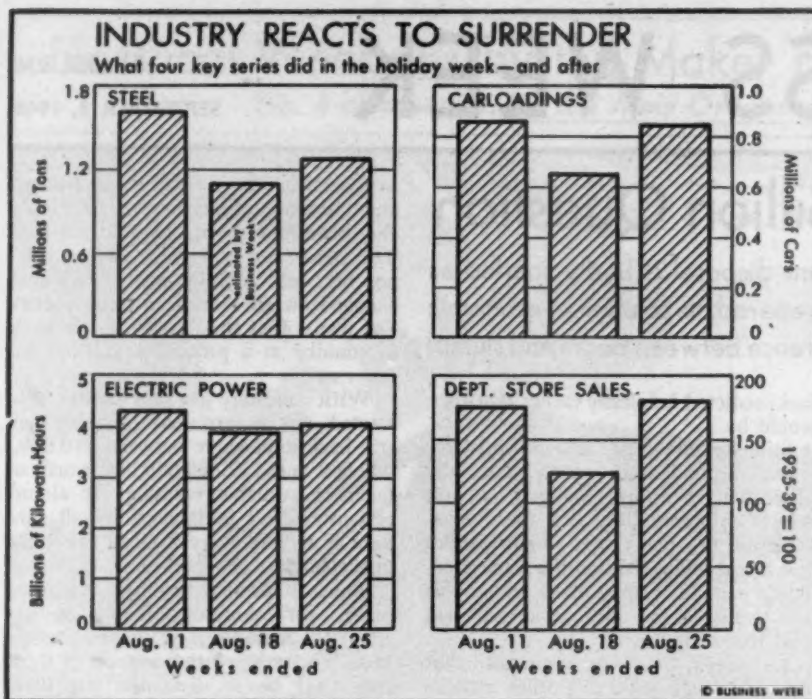
Some installations—bag loading plants, for example—probably are not adaptable to any sort of civilian production. The only solution in most of these cases will be to dismantle the plant and sell the equipment for what it will bring.

• **Variety in ODP Plants**—The cream of the crop, both from a buyer's viewpoint and from the standpoint of postwar employment, is the \$6,055,000,000 worth of facilities—920 separate plants—built by the Office of Defense Plants, subsidiary of the Reconstruction Finance Corp.

The Army's investments are concentrated in ammunition and ordnance, the Navy's in shipyards. ODP's list is more varied, but even so, about half its investment is in aircraft, including



Responsibility for finding a use for U. S. war-built plants under the economy of peace falls to W. Stuart Symington (right) Surplus Property Board chairman, and George F. Buskie, director of surplus disposal of the RFC.



engines and accessories. The balance includes some \$700,000,000 in synthetic rubber (the entire capacity of the industry), \$1,000,000,000 in iron and steel, and a staggering variety of other investments.

Most of the plants now being declared surplus are ODP facilities. In general, they should be easier to sell than the more specialized installations built by the Army and Navy. But to surplus disposal officials nothing looks easy just now.

• **Paradox in Policy**—Overshadowing all the mechanical difficulties of cataloging and selling the various government-owned properties is the fundamental paradox of the disposal policy that Congress has laid down:

The government, during the war, has made itself owner of a block of industrial facilities representing between one-fourth and one-fifth of the total productive capacity of the country. It now wants to get this block of industry back into private hands, but it is determined, in so doing, not to further a concentration of economic power or encourage monopoly.

As Congress and a majority of the disposal officials interpret it, the Surplus Property Act, passed last year, rules out most of the existing big businesses as potential buyers of many of the big government plants. The size of the plants themselves—almost three-quarters of the total value is concentrated in projects costing over \$10,000,000—rules out sales to small business as anything more than a partial solution.

• **Two Alternatives**—There are only two ways disposal officials can tackle this problem. They can try to dodge the general provisions of the law and sell without scrutinizing the economic effects too closely. Or they can try to foster new big business to take over the government plants and compete with existing business. Either way they can expect trouble.

Thinking among top officials now runs toward fostering new big business. This accounts for the encouragement given such entrepreneurs as Henry J. Kaiser, now dickering for the huge Geneva Steel plant in Utah (BW-Jul. 21 '45, p. 15). But local communities don't always want the newcomers. Many think an established business would give better employment prospects for the long run.

• **Machinery Lacking**—In addition to this philosophical headache, disposal officials have plenty more immediate troubles. The Surplus Property Act saddles them with a long list of conflicting instructions and prohibitions. Partly because of these legal complications and partly because the original members of the Surplus Property Board never managed to pull together, much of the machinery for making sales never has been set up.

The end of the war caught the Surplus Property Board with its basic regulation governing sales of plants still in the mill. RFC has been negotiating with prospective buyers under a general grant of authority from the board, but without a definite statement of policy

everyone has hesitated to button up a deal.

• **New Regulation Coming**—With plus declarations popping about its end the board is pouring on steam, and plans to get the plant disposal act into final shape shortly.

The new regulation is expected reaffirm in most respects the rules the RFC has been following all along. It will underline the principle that plant sales shall be guided by broad social and economic considerations rather than simply by dollar return to the government.

In general, sales are to be made at a fair value, which is defined as the maximum price that a prudent buyer would pay to acquire the property, if he intended to devote it to its most productive use. In figuring fair value, RFC is to take into account only the features and facilities that will be of use to the prudent buyer. Fair value, moreover, is not to exceed the price at which other similar properties having a like utility and productive capacity are actually available on the market.

• **Other Loopholes**—This will leave RFC plenty of room to maneuver, but if it ever feels cramped, an even larger loophole will be provided. The regulation will state flatly that the sale price need not be as much as fair value. RFC, accustomed to keep a watchful eye of the balance sheet, is likely to regard this provision with mixed feelings, particularly since it will be coupled with instructions, issued some time ago, to consider seriously "offers to purchase or lease which will result in a low monetary return" if the social objectives of the Surplus Disposal Act are served in that way.

Specifically, the board wants plant of small and medium size sold to local firms, preferably ones owned by veterans. Where RFC has a choice between a local offer and an outside bid, it is to give the plant to the local group, even if that means extending long-term credit and turning down a chance to get cash on the barrelhead.

• **Problems Remain**—The new regulation will take some of the foggiest corners of the disposal picture, but it won't take care of all the problems by a long way.

For one thing, disposal officials will have to move in low gear until they get some of their legislative troubles ironed out. As the law stands, the three-member board sits on top of the pyramid, directing policy and supervising the work of the various disposal agencies that handle the actual selling. But President Truman has asked Congress to abolish the board and substitute a single administrator. (Presumably the present board chairman, W. Stuart Symington,

human appointee, would get the

mate May Give In—This means that board is working under a death sentence and that its authority is correspondingly weakened. The House Committee on Executive Expenditures has approved a bill to establish a single administrator. The House probably will pass it without much fight. The Senate, which held out for a board last year, will pick up some dust, but probably will acquiesce in Truman's request.

The three board members also have urged Congress to straighten out some of the legal ambiguities and contradictions that abound in the Surplus Property Act. In particular, they want a hand to subordinate "social or economic objectives that are laudable" to the necessity for creating "immediate opportunities for employment."

Reports Scheduled—While it waits for Congress to act, the board is plugging away on its biggest piece of homework—specific recommendations for disposal policy in the various industries named in the Surplus Property Act. The reports—covering iron and steel, aluminum—will come along any day. Others will be spread over several months.

These reports represent a final compilation that ties the hands of disposal officials. The law names seven industries: (1) aluminum; (2) magnesium; (3) synthetic rubber; (4) chemicals; (5) aviation gasoline; (6) iron and steel; (7) pipelines. No plant costing over \$5,000,000 in these seven categories and no patents, techniques, or processes, of any value will be sold until 30 days after the board has filed recommendations for a disposal policy with Congress.

Trend to Leases—Lawyers now are urging disposal officials that it won't be enough if Congress simply lets the reports lie around for 30 days. The board, they say, will have to wait for some affirmative action from Congress before it can authorize sales in these industries. This complication, added to all the others, has forced the board to fall back more and more on its authority to lease surplus facilities for a period of five years or less. Practically all of the big deals now under discussion are for leases rather than sales.

Leasing has its long-run dangers, however. When the five years run out, the question of sale will come up again. Operators then will be inclined to make their minds in the light of prevailing economic conditions. If the anticipated postwar prosperity has spent itself, many owners might turn the plants back. Then the government might face a choice between closing down plants, creating additional unemployment in the middle of a slump, or operating them itself.

West Plays for Big Stakes

War has left the Pacific Coast with a framework for industrial autonomy, but how that dream can be realized is another matter. Rivalries over who is to inherit choice plants develop rapidly.

Much more than the government's five-billion-dollar investment in western war plants is at stake in a blue-chip poker game that began on the Pacific Coast when the war with Japan ended.

• **Big Stakes**—The government-owned war plants, ranging from a tiny warehouse and office building erected for a scrap iron company in Pittsburg, Calif., to the \$195,000,000 Geneva steel works near Salt Lake City, are admittedly big stakes. Who is going to operate them, and who, eventually, is going to own them, are questions which already have generated fireworks.

But a bigger question posed by the presence of these facilities in an area which before the war tasted only sparingly of the fruits of big, diversified, heavy industry is:

Does the West have all the requisites—the manpower, the financing, the industrial and managerial know-how, and especially the political finesse—to make a peacetime go of an industrial establishment that hung up glittering war production records?

• **Beating the Gong**—Every chamber of commerce from San Diego to Seattle will answer, "Yes." For months, through their Western States Council, the chambers have been beating the gong

for peacetime industrialization of the West—and not without promising results.

But there are factors in the poker game which override the most strenuous ambitions. One of these—government policy in disposing of the vast facilities (page 15)—can upset the most ambitious plans. The West is acutely aware of this.

• **A Consuming Passion**—Western ambition for an integrated economy was not born of the war. It has been the dream of westerners ever since the pinch of freight rates began to affect the flow of goods from the East. And now that war has built in the West a framework of industrial autonomy, the dream has become, more than many easterners realize, a consuming passion.

The framework, exclusive of privately owned facilities, looks something like this: a major steel plant; five aluminum reduction plants; an aluminum rolling mill; assorted aluminum fabricating facilities; three magnesium plants; nine shipyards; a substantial number of aircraft plants.

Add to that imposing list a couple of hundred factory and warehouse buildings, many of them advantageously located with respect to labor supply and



The second largest city in Oregon is on the road back to the dust from which it sprang. Vanport City, a suburb of Portland but big enough to have a suburb life of its own, was built to house 40,000 war workers. But with Portland's shipyards cut back to a fraction of their war output, the need for Vanport is receding. Now some of its apartment housing units are being sawed apart in sections for delivery by truck (above) to Bremerton, Wash., 200 miles away, where Navy Yard activities have swollen the population from 15,000 in 1940 to 82,000 and where housing is still scarce. Present plan contemplates moving 66 of Vanport's 700 apartment-housing units to Bremerton.

water or rail transportation, and you begin to understand why the West is so excited.

• **Departures**—As contract cancellations lopped tens of thousands off war plant payrolls, agricultural inspection stations at state lines, particularly in southern California, saw re-enacted in reverse the familiar dramas of 1942 and 1943—the family hack wheezing back to Minnesota, to Arkansas, to Oklahoma, with a tarpaulin-covered trailer of household goods in draft.

In one sense, western industry could view that scene with equanimity; if times got tough, there would be fewer mouths to feed. Yet it meant fewer hands to man the machines in that bright new world of industrial independence. Still, that would not actually be a problem until the government smashed the bottleneck in disposal of war plants.

• **Rivalries Grow**—Pending Washington's adoption of a policy, rivalries for the choice spots in the new industrial empire have been growing.

United States Steel Corp.'s withdrawal from the competition for the Geneva steel mill left the field open to Henry J. Kaiser and the syndicate which he proposed several weeks ago to lease and operate the plant (BW—Jul.21'45,p15). Members of the projected leasing and operating team would include A. P. Giannini, the San Francisco banker, and Charles Allen, the Wall Street broker who has gained control of the Colorado Fuel & Iron Co. and Wickwire Spencer Steel Co.

• **Portents**—Two events have tended to dampen the syndicate's prospects. One was Big Steel's decision, simultaneously with its withdrawal from the Geneva competition, to expand facilities of its

Columbia Steel subsidiary at Pittsburgh, Calif., to make tinplate and cold reduced sheets. This was polite notice that nobody would enjoy a monopoly of the steel commodities most sorely needed on the West Coast. In some quarters it is believed that U. S. Steel has not forever renounced an interest in Geneva, and might reconsider under coaxing if local syndicates relinquished their chance.

The other event was the offer by Reconstruction Finance Corp. to lend Kaiser enough additional money on his heavily mortgaged steel plant at Fontana, Calif., to install facilities for production of civilian goods (BW—Aug.25'45,p31).

• **Facing a Fact**—Analysis of the offer and the amortization and repayment obligations which it contemplated made it evident that Kaiser—however much he might wish to give the West cheap steel—would, under the RFC's terms, be in a poor position to deliver, much less to slug it out with Big Steel over prices.

Undoubtedly the West will bring pressure in Washington to induce RFC to write off as war expense some of the enormous cost of the Fontana plant. Unless a substantial writedown on Fontana is granted, Kaiser's interest in Geneva can scarcely be more than academic.

• **Undaunted**—Yet the ebullient shipbuilder, whose wellspring of plans for the industrial glorification of the West seems never to run dry, seems not to have been discouraged by the realities of finance.

On top of his decision to build a Kaiser car in the West (BW—Aug.4'45,p26), in recent weeks he has bandied proposals to build railroad freight cars by the thousands, to lease the aluminum

rolling mill and reduction plant at Spokane now operated for the government by the Aluminum Co. of America to acquire two Victory ships to transport gypsum from San Marcos Island in the Gulf of California to a proposed plant and wallboard plant in the San Francisco Bay area.

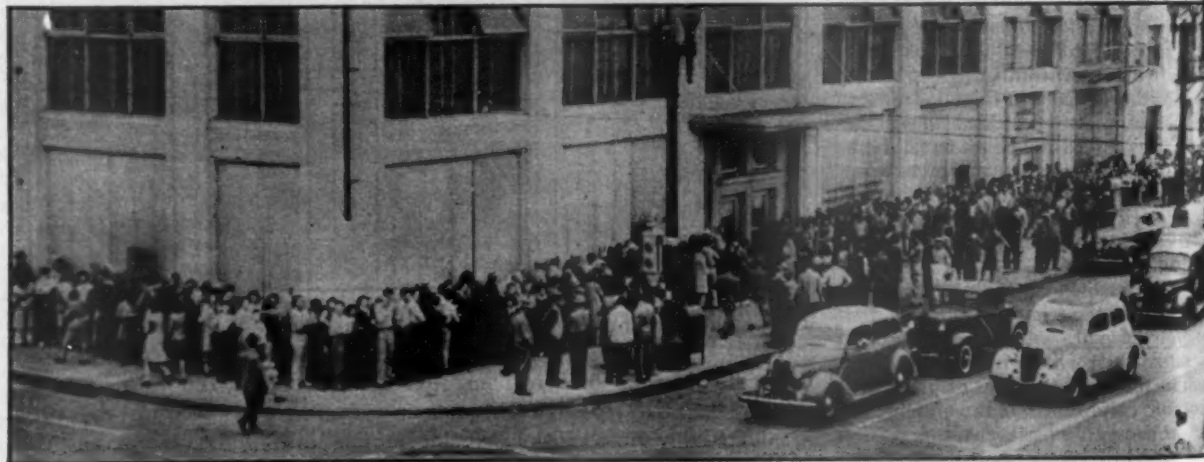
Other projects on his shelf include mass-production housing on a nationwide scale, ship repairs, and manufacture of washing machines and other household appliances.

• **The Aluminum Layout**—The several aluminum reduction plants in the coastal states were drawn to the West by the abundance of cheap hydroelectric power, and the West wants to keep them busy consuming that power, creating jobs, and building the brilliant future that has been predicted for light metals.

Only two of these plants are privately owned—Alcoa's at Vancouver, Wash., and Reynolds Metals Corp.'s at Longview, Wash. Of the others, owned by the government, Alcoa operates four at Spokane, Wash.; Troutdale, Ore.; Torrance, Calif.; and Riverbank, Calif. (The California plants were shut down a year ago.) The fifth, at Tacoma, operated by Olin Industries, Inc.

• **What Is Lacking**—These reduction plants have an aggregate ingot capacity of more than 850,000,000 lb. a year. Yet they lack easy access to the material (alumina) required to keep them going, and the Northwest lacks adequate facilities for employing the huge output of ingots, about 35% of the nation's capacity.

During the war, when cost was a factor, the reduction plants were run with alumina from imported bauxite. In private operation, however, re-



A factor in the West Coast's industrial hopes that far outweighs any manpower losses caused by homeward-bound war workers is the ever lengthening line at the United States Employment Service offices. In the Los Angeles area (above), layoffs have been estimated upwards of 100,000 but USES is cushioning the shock with 40,000 job offers.

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Material cost will be a major factor to consider.
Extraction Plants—In hope of reducing dependence on bauxite that is either imported or brought from Arkansas at great expense, the government has near-completed four pilot plants to extract aluminum contents from native clays and clays. Three of these are fairly accessible to the northwestern aluminum reduction plants—Salem, Ore.; Pocatello, Idaho; and Salt Lake City, Utah.

Most of the processing and finishing facilities in the West are owned by the government. Alcoa owns an extrusion plant at Vernon, Calif., and operates it alongside a government-owned rolling plant. Central Metals also owns an extrusion plant, at Los Angeles. The government-owned remainder of such facilities includes the big rolling mill at Spokane, operated by Alcoa; extrusion plants at Phoenix, Ariz., and Los Angeles; and castings plants at San Diego and Burbank.

Far Short of Need—In the aggregate, the processing facilities are far short of the West's need if the industry is intended to be integrated.

Subordinate only to the question, "Will these properties be operated at all?" is the question, "Who will own and operate them after the government gets out?"

Alcoa surely is out of the running as long as the Dept. of Justice, alert against monopolies, retains veto power over disposal of war plants. On the other hand, Alcoa, proud of its war record, refuses to be counted out and, whether the trust busters like it or not, the company has indicated an intention of integrating its operations in the northwest, which could involve construction of new and competitive fabricating facilities.

Reynolds' Plans—Reynolds Metals, with a reduction plant at Longview, has proposed taking a five-year lease on the reduction plants at Spokane and Troutdale, and possibly the Spokane rolling mill (BW—Sep. 1 '45, p. 42).

Henry Kaiser also likes the Spokane properties and would tackle them either on his own or as part of a syndicate. He believes that the rolling mill, with slight adjustments, could be adapted to rolling steel until demand for aluminum approached its capacity.

Columbia Metals Corp., which has been scheduled to operate the alumina-clay plant built for the government at Salem by the Chemical Construction Co., has an eye on the Spokane and Troutdale reduction plants as an outlet for its Salem product and also as a nucleus for an integrated aluminum business, to include fabricating and finishing facilities.



While the West seeks to pin down wartime industrial gains, less hopeful migrant workers, who flocked to the war plants and high wages, are drifting homeward. Trailer villages, like the one near Los Angeles (above), are beginning to thin out, and many families, like Edmond M. Snow's (right), are moving on with carefully saved grubstakes to greener pastures.



• **Olin and Kalunite**—Olin Industries presumably would hang on to the reduction plant it operates at Tacoma. An Olin subsidiary, Kalunite, Inc., has the commission to operate the extraction plant at Salt Lake City.

There has been no evidence of competition for the forging, extrusion, and reduction facilities in California, and probably won't be until the future of the northwestern properties is more certain.

• **Magnesium Plants**—Prospects for the West's three government-owned magnesium plants are cloudy. The granddaddy of them all, the giant Basic Magnesium plant at Las Vegas, Nev., has been out of the magnesium picture for months, is now tenanted by manufacturers of other products (BW—Aug. 25 '45, p. 32). Doubts have been expressed that it will ever again produce magnesium.

Henry Kaiser also operated another plant for the government at Manteca, Calif., but that was shut down six months ago.

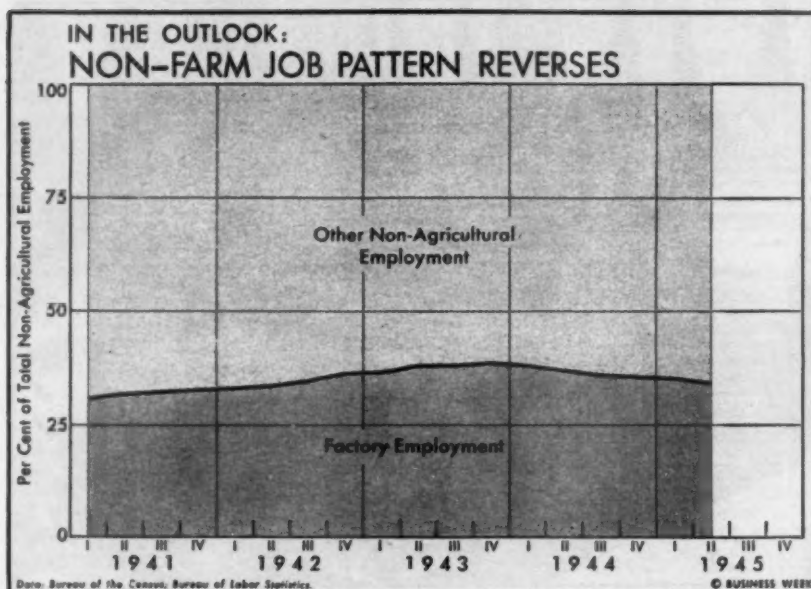
The third, operated by the Electro Metallurgical Co., a subsidiary of Union Carbide & Carbon Co., at Spokane, never did achieve more than 54% of

its rated capacity of 48,000,000 lb. a year. Electro-Met, now producing metallic sodium there, has expressed a desire to acquire the plant.

• **The Shipyard Prospect**—There is little prospect that the government-owned shipyards on the Coast will survive for long. There will be scarcely enough shipbuilding in peacetime to keep all the private yards busy.

Kaiser operates seven of the government yards, four at Richmond, Calif., one at Vancouver, Wash., and two at Portland, Ore. The other facilities owned by the Maritime Commission are operated by Marinship Corp. at Sausalito, Calif., and by California Shipbuilding Corp. at Wilmington, Calif.

• **For Repair?**—That some of these yards might be converted to ship repair—particularly Kaiser's Swan Island yard at Portland and his Richmond No. 3—was considered. And Kaiser's proposal to build 19,000 freight cars for France



One reason why cutbacks have not sliced away nonfactory jobs despite the impact on industrial rosters is that the country's employment distribution is now recovering from a wartime distortion. Emphasis in war is on manufacturing weapons; requirements of the armed forces draw manpower from trade and service lines in which "sales" and "distribution" work is curtailed. Result is that factory jobs jumped from 31% of the nonfarm total in early 1941 to 39% in late 1943. Declining war output brought the ratio down to 35% before V-E Day, and further readjustment is going on now.

contemplated use of some of his other Richmond yards.

But the freight car proposal seems to have died with lend-lease; and the Navy has been making passes at Swan Island, or parts of it, as a discharge base. That leaves Richmond No. 3 still theoretically in the running for merchant ship repair, but in a fugitive role because the private yards regard the government-owned operation as unfair peace-time competition.

• **Aircraft Plants**—Disposal of government aircraft properties will involve distinctive treatment, for they were, with few exceptions, designed for integration with existing private facilities and built close to them.

The aircraft properties include those operated by Consolidated Vultee at San Diego, by Douglas Aircraft at Santa Monica and Los Angeles, by Lockheed at Burbank, by North American Aviation at Inglewood, by Northrop at Hawthorne, by Rohr Aircraft at Chula Vista, by Howard Hughes at Culver City, all in California, and by Boeing at Renton, Wash.

• **Cutting the Work Force**—In the California airframe plants, personnel layoffs occasioned by contract cancellations and cutbacks hit 25,000 within a few days after the war ended, reducing the work-

ing force to around 105,000. Douglas, the biggest employer, dropped almost 13,000. Convair dropped about 6,000, Northrop and North American about 3,000 each.

Layoffs at Boeing will be keyed to diminishing production of Superfortresses (government contracts were slashed \$930,000,000 in a few days). Boeing completed its August quota of 155 B-29's, will turn out 122 this month, then slow down to a production pace of 20 a month. During that time, vacancies created by voluntary quits will not be filled.

• **Branches Will Close**—When the 20-a-month schedule goes into effect next month, the Renton plant, which employs 6,800, and eight small branch plants in western Washington, which employ about 4,500, will be closed and operations centered at the main plants in Seattle. Employment stood at about 40,000 as of Aug. 15; by Nov. 1 it is expected to level off at around 15,000.

Production of bombers is expected to help Boeing over the transition to civilian production, which will focus in the beginning on the Stratocruiser, commercial adaptation of the C-97 Army transport.

• **Postwar Work**—A crutch for many of the airframe producers during the re-

conversion period, unless Congress slashes military budgets, will be the Army's plan to spend about a billion dollars for military planes between now and next summer.

In addition, Douglas and Lockheed hold substantial backlogs of civilian orders, and Consolidated Vultee probably is well cushioned, too. Douglas, besides military commitments, has upwards of \$130,000,000 on its order books. Lockheed has about \$150,000,000. Convair, aside from a recent million-dollar order for private planes and an order for Model 37 transports from Pan American Airways, has kept secret its prospects for private business.

Back-Pay Suit

If wage-hour case is won by modification center workers in Denver, then war bill may be increased by many millions.

A suit for more than \$3,000,000 in back pay and damages, filed by labor unions and workers representing employees of the Army Air Forces modification center at Denver, operated by Continental Air Lines, presages other such suits throughout the country with a possible bill of many million dollars to be paid as part of the cost of the war.

• **Government Employees?**—The Army Air Forces' contention has been that workers at modification centers actually are government employees, and that they do not come under the Fair Labor Standards Act, which provides for time and one-half for hours over 40 weekly but which specifically excludes government employees. The Continental Air Lines therefore paid 1,800 workers at the Denver modification center, beginning Oct. 1, 1943, for overtime after 40 hours weekly, not 40 hours, and did not pay overtime for the sixth consecutive day of work.

The Fair Labor Standards Act provides for liquidated damages equal to the amount of wages due. Plaintiffs claim back wages are due in excess of \$1,500,000 as well as an equal amount in damages.

• **Two Locals Involved**—The suit was brought by two locals of the International Assn. of Machinists, A.F.L., and six employees or former employees of the modification center, which is being closed out as of Sept. 1.

According to Col. Harry C. Short, general manager of the center, it has been operated under a cost-plus-fixed-fee contract, so if the employees win the war bill of the government will simply be increased by that much.

Rip on Housing?

Agencies in disagreement over what's needed to prevent runaway inflation in homes. Wyder's decision awaited.

Whether new home building is to be kept under some form of price control stirred up a hot controversy. Government agencies aren't in agreement. The building industry is close to hysteria, a deluge of mail is descending on Washington.

The issue has developed to the point where reconversion director John W. Wyder will have to make a decision soon. OPA has the power to control prices, but it does not have the power to set ceilings on real estate.

L-41 Liberalized—The matter had been simmering for months, but it came to a boil shortly after Japan surrendered. It was then that WPB's basic construction order (L-41) was liberalized in the latest (BW—Sep. 1'45, p21). In fact, Wyder's construction coordinator, Hugh Potter, has already expressed the hope that it will be eliminated entirely by Sept. 30.

Among other things, L-41 sets dollar limits on the value of new residential construction. This part of the order is administered by the National Housing Agency under a delegation of authority from WPB. Right now, the limit is \$10,000 per house.

L-41 was not devised as a pricing order. WPB developed it chiefly as a means of conserving scarce materials such as steel and lumber. However, it has also acted as a restraining influence on prices.

Runaway Inflation?—The question boils down to this: With demand for new homes far and away in excess of prospective supply, will a runaway inflation in real estate develop?

The National Housing Agency thinks so. To head it off, NHA feels that perhaps each house built should be appraised to see that the price to the consumer isn't out of line with the real value. This, says Administrator John Blandford, Jr., presents an almost insuperable task; but if it has to be done well, there's nothing like trying.

OPA's conclusion is of a piece with NHA's. But it has a plan of its own. In the first place, says OPA, current controls over prices of building materials and products should be strengthened.

Controls Over Components—On top of that, OPA insists that there should be controls over the installation cost of components such as wiring, plumbing,

and heating. OPA has exercised such controls to some extent where repair or modernization jobs were involved. Now it would like to extend the idea to new housing.

However, OPA's legal authority in this direction covers only work under contract. Thus it would not apply to a builder who puts up a house—or block of houses—then offers them for sale. By keeping L-41 with its dollar ceiling on new homes, this gap would be plugged.

In contrast to NHA and OPA, some of the other agencies that are concerned aren't worried about a runaway real estate inflation during the transition period.

As They See It—Their reasoning is substantially as follows:

(1) Eliminate controls over new residential building; it will stimulate maximum production and give the industry a badly needed psychological lift.

(2) Discourage speculative sales of existing homes by requiring a down payment of 35% or 40% on any sale above an arbitrary level, say \$8,000.

(3) Some builders and consumers may run price wild, but there won't be enough of that to damage the economy during the transition period; only 400,000 new homes are expected next year

as against an estimated 40,000,000 now in existence. In other words, the bulk of real estate will be under control.

WPB's Position—The only official stand WPB has taken on the question is that L-41 should go as soon as possible.

It was originally hoped that the whole matter of pricing new housing would be settled without too much advance publicity—around the conference table, with members of Hugh Potter's Inter-Agency Committee for Construction (BW—Aug. 18'45, p26).

What blew the lid off was an OPA memorandum that slipped into the hands of the building industry. Entitled, "A Major Program: Controlling the Costs of Residential Construction," it was written for internal use, was incomplete, and ambiguous on many points. But it was enough to stir builders into a frenzy of activity.

Heat Is Turned On—The Producers' Council, for instance, sent photostatic copies to legislators and the press as well as to all its members. Its feeling was expressed in a covering letter stating, in part, "The plan . . . would authorize the OPA to set an individual selling price on each individual house built by private enterprise, would retain price ceilings over all building products,



ADJUSTING THE DRAFT TO AN ARMED PEACE

With plans for revision of draft laws taking shape in Congress, betting is that a compromise will settle military manpower differences between Maj. Gen. Stephen Henry (left) and Maj. Gen. I. H. Edwards and a substantial congressional bloc, headed by Rep. Andrew May (center), which would like to see inductions suspended at least temporarily. Congress is expected to accept military estimates on needs for occupation forces, but will attempt to end—or to slow down—inductions of 18-year-olds by offering inducements to servicemen to stay in uniform and attract young men to enlistment stations.

and for the first time in history would rigidly limit the profit margins of the thousands of small businessmen who do the nation's building, including distributors of building materials, contractors, and home builders."

The National Assn. of Home Builders asked local associations in 100 cities to shower the White House directly with protests. The shower has become a cloudburst.

• **Feeling Runs High**—The agencies involved, to say nothing of the industry, are running a fever. However, they are all ready to go along with Snyder's decision, expected momentarily.

The chances favor a compromise.

Informed sources say that L-41 will surely go, but that price controls over building materials and products will be strengthened.

Meantime, rent control will continue—where OPA thinks it is still needed—until the price agency loses its charter with expiration of the Emergency Price Control Act next June 30. Some officials are urging that local government should be ready to take over the job at that time, where demand for living space still exceeds supply.

New York's Mayor La Guardia is already pounding this drum.

Pacific Competitor for PAA?

Northwest Airlines, which recently became nation's fourth transcontinental air carrier, gets preliminary nod for route to Far East. Company has grown by extensions rather than merge

America's pioneer transoceanic air carrier faced a new challenge this week. Pan American Airways, Inc., with its exclusive domain over the Atlantic about to be invaded by three erstwhile domestic airlines (BW—Jul.14'45,p15), found a similar situation developing in the Pacific.

For Northwest Airlines, Inc., until three months ago just a secondary air carrier operating between Chicago and Seattle-Portland, was given the nod by Civil Aeronautics Board examiners as the logical competitor of PAA for the long haul air route from the United States to the Far East.

• **A Shorter Route**—One disturbing aspect of the decision—to PAA—is that the Great Circle route over Alaska proposed by NWA is some 2,500 miles shorter than PAA's prewar line via Honolulu and the Central Pacific.

Another is that NWA, which on June

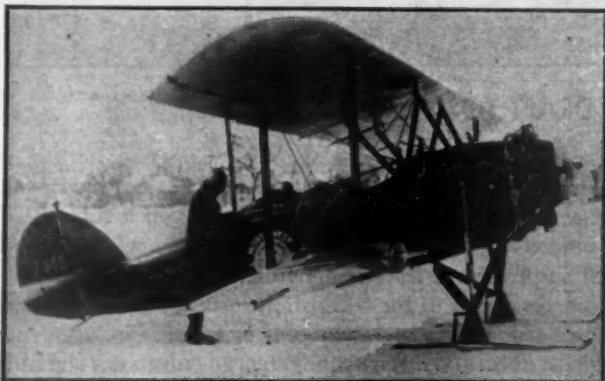
1 became the nation's fourth transcontinental line through extension of service to New York via Milwaukee and Detroit, now has an air terminus on the Atlantic seaboard, where most of America's traffic to the Far East originates. PAA, in contrast, must depend on some domestic airline to carry Orient-bound passengers to its U. S. terminals in San Francisco and Los Angeles.

• **Time Element**—Of some consolation to PAA is the fact that it can resume war-interrupted commercial operations on short notice, while NWA still must await formal CAB authorization, negotiation of suitable pacts with foreign countries, and establishment of facilities at such points as Paramushiro, the Soviet Kurile Islands, Tokyo, Shanghai, Hong Kong, and Manila.

NWA has successfully mastered a potential hazard—sub-Arctic operations. Three years of flying through north-



A study in contrasts, then and now: Bearded Charles (Pop) Dickinson (left) chats with one of his first pilots. It was Dickinson's abortive attempt in 1926 to fly mail from the Twin Cities to Chicago that resulted in the formation of the present Northwest Airlines. To make the run in the late '20's, when snow blocked airport runways, NWA's equipment was a ski-shod Waco biplane (below left). Present president and general manager of NWA is Croil Hunter (right). And (below right) today a modern Douglas DC-3 passenger transport loads up at the terminal in Minneapolis.



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BUY VICTORY BONDS

western Canada, Alaska, and along the Aleutian Islands chain while operating military cargo routes for the Army, have given the airline the requisite "know-how."

• **History**—The air carrier which now has been injected into the international air transport picture had its inception late in 1926, when civic promoters in Minneapolis-St. Paul persuaded a group of air-minded businessmen in Detroit to bid on the airmail route from the Twin Cities to Chicago.

This line had been flown five years earlier by the Army with disastrous results: eight planes lost, four pilots killed. Then, early in 1926, the Post Office Dept. advertised for bids for contract operation of the route. Charles (Pop) Dickinson, 68-year-old aviation enthusiast, got the award and tried to put an organization together. But the first mail plane crashed, killing the pilot. Bad luck dogged Dickinson, and in midsummer, 1926, he decided to give up.

• **Money Made Available**—It was then that the Twin Cities civic leaders stepped in with their proposition to the Detroit group. The latter, which included such men as William B. Stout, automotive and aeronautical engineer, agreed to match any funds put up by Twin City capitalists. The Twin City group agreed, the money was made available, and the newly organized Northwest Airways won the mail contract on a bid of \$2.75 per lb.

Service started Oct. 1, 1926, but it was not until the following July that passengers were carried. In September, 1928, Ford trimotor planes replaced earlier makeshift equipment, and NWA inaugurated coordinated air-rail service with the Northern Pacific, Great Northern, Milwaukee, and Pennsylvania railroads.

• **Half a Day Saved**—The plan permitted transcontinental rail passengers to fly between Chicago and the Twin Cities, thus saving half-a-day. The promotion proved only mildly successful.

In 1929, the Twin City capitalists bought out the Detroit backers. This put control of NWA in the hands of a group headed by Shreve M. Archer, president of Archer-Daniels-Midland Co., vegetable oil processors; Richard C. Lilly, banker; and H. H. Irvine, Weyerhaeuser lumber executive.

• **Route Extensions**—Earlier attempts at expansion had been abortive, but in 1931 Northwest began route extensions that bore fruit. These included one to Winnipeg and another to Bismarck, N. D., on the first leg of a projected line to Seattle. Here, as in all subsequent growth, it followed a policy of extending established lines rather than developing through mergers.

But the airline was proving an ex-

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TO EMPLOYERS: Your employees will benefit from understanding these facts concerning the effect of overweight on their health and efficiency. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for posting on your bulletin boards.

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In other words, too much food and not enough exercise generally will result in

making you fat. Occasionally, of course, excessive weight is due to a glandular disturbance, which requires expert medical attention for correction or control.

But when you plan to "reduce," start by having your doctor examine you anyway. He'll advise you whether or not you *should* take off weight.

Your doctor will tell you how to develop a safe, sane, and practical reducing program that will help you avoid the harmful effects which sometimes accompany too stringent a diet or too violent exercise.

And never use so-called "reducing drugs" except on his recommendation.

If you are past 30 and somewhat overweight, there is no better time than now to get yourself in fighting trim. After this age it becomes increasingly advisable to keep your weight down—even to stay slightly underweight.

Once you're over 30 it becomes more difficult to take off overweight.

Youngsters—particularly girls in their teens—should be especially careful not to undermine their health on risky "health" diets.

If you are interested in watching your weight, send for Metropolitan's free booklet, "Overweight and Underweight."

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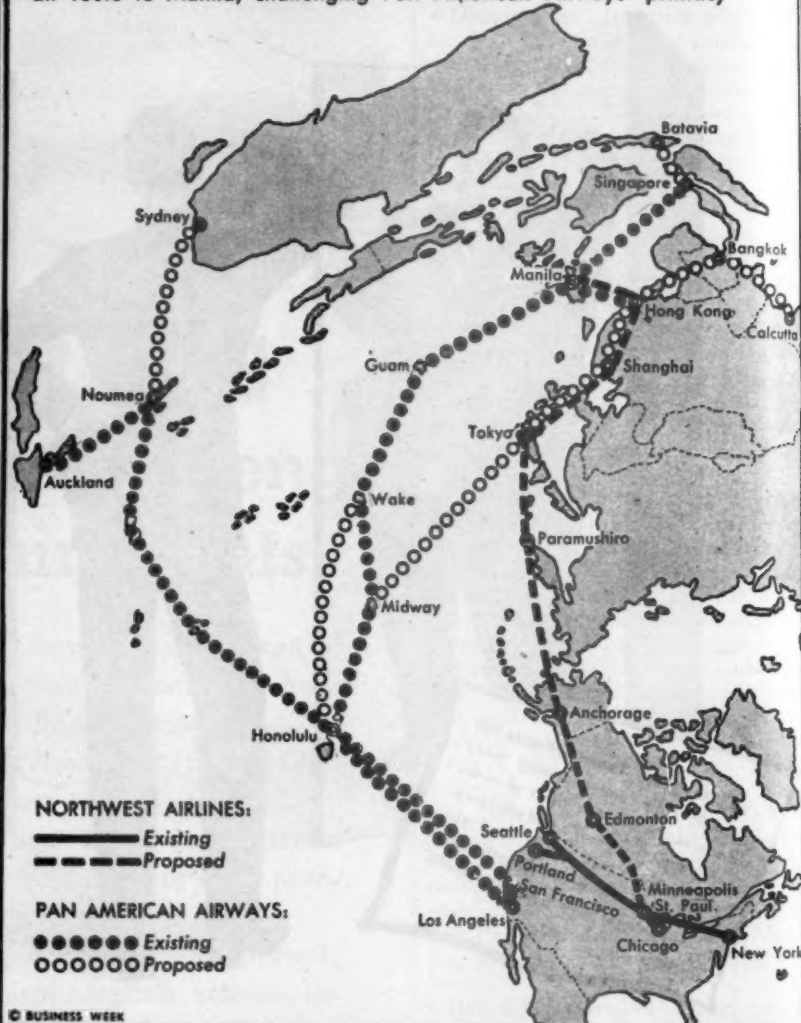
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NEW WINGS OVER THE PACIFIC

CAB examiners recommend Northwest Airlines be awarded Northern air route to Manila, challenging Pan American Airways' primacy



pensive plaything in those depression years. Casting about for someone with more business acumen and less promotional flair, the owners picked out Croil Hunter to run Northwest.

• **New to Aviation**—Hunter had no aviation background. He had been a department store official in Fargo, N. D., and at the time was New York manager for First Bancredit Corp., installment loan affiliate of First Bank Stock Corp., bank holding company in which Archer, Lilly, and Irvine were interested.

So, in 1932, Hunter was made traffic manager, the following year vice-president and general manager. For years thereafter Hunter conferred with Lilly almost daily, usually before going to his own office.

• **To the Pacific**—Late in 1933, Northwest pushed its line through to the

Pacific Coast. New Lockheed Electra ten-passenger planes also were put in operation. Then Northwest was caught in the airmail cancellation fiasco of mid-1934.

To qualify under Post Office Dept. regulations, the carrier reorganized as Northwest Airlines, only to find itself underbid by Mid-Continent Airlines on the vital Winnipeg-Fargo-Chicago section of its old route. To regain its holdings, NWA bought this contract from Mid-Continent.

• **A Healthy Expansion**—Business expanded in healthy fashion during the next five years. NWA was able to increase the number of flights and to purchase more and larger equipment. Mail revenue went from \$629,724 in 1935 to \$1,763,288 in 1939, passenger revenue from \$481,528 to \$1,324,728.

First public offering of NWA stock

was made near the close of 1939—and an automobile accident was an important factor in this move. Lilly, one of the major stockholders, was nearly killed when his car plunged off a bridge in St. Paul. When he recovered, he decided to reduce his outside interests, conserving his strength for his banking job and the religious and philanthropic work in which he was interested.

Stock Arrangements—So Lilly put up \$9,500 of the 43,230 shares he and his family owned. Archer put up half of his 50,000 shares, Irvine 30,000 shares out of 52,850. Lesser stockholders put up enough to bring the total to 100,040 shares. They still held some 130,000 shares, however.

Hunter, who in 1937 became president and general manager, at that time was given an option to buy 10,000 shares at the offering price, \$14. This option still stands, with the stock now quoted around 45. Additional stock offerings have swelled the total outstanding to nearly 535,000 shares. No stockholder today holds more than 5% of the capital stock. Last year Hunter, exercising his rights to additional stock offered, bought 4,000 shares. Other executives have rights to some 5,000 shares at \$18.50.

Wartime Jobs—During the war NWA has used its knowledge of winter flight operations to advantage. It operated a military cargo route to Alaska, on one occasion flying the equipment for an entire hospital to Nome. It flew a 1,600-mile military passenger, mail, and cargo route over the Aleutian Islands from Anchorage to Attu, averaging two round trips a day.

It provided pilots for an Air Technical Service Command research project seeking means to circumvent wing icing. It provided flight personnel for Minneapolis-Honeywell Regulator Co. in developing the autopilot (BW-Sep. 25'43,p68), formation stick (BW-Apr. 14'45,p28), and other electronic devices for military craft.

Other Activities—A bomber modification center, which at its peak employed more than 10,000 workers, was operated at St. Paul. More than 700 Army men were trained in all phases of operating large transport aircraft, and 40 officers in flight control procedures.

NWA's efforts to extend eastward to New York were rebuffed by CAB in 1941. But the airline altered its application, marshaled new data. Last December CAB reversed itself—impressed chiefly by the fact that the new transcontinental route bypasses the Chicago air traffic bottleneck, cuts one to two hours from the old New York-Seattle run. Service was begun last June 1.

Looking Westward—Now Northwest has its sights trained westward. Besides



This old machine modernized at low cost . . . by replacing worn-out element with a standard Delta component

War production experience suggests these money-saving ideas on retooling:

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the Far Eastern route which the CAB examiners have recommended for it, NWA wants a line to Hawaii from Seattle and Portland. Its engineers are investigating the four-engined Douglas DC-4, the commercial version of the Boeing Superfortress, and even larger planes, for both domestic and international operations. Like Pan-American, it will use land planes on its future Pacific routes.

Detroit Reacts

Auto makers don't agree on merits of OPA formula, but they are glad it's set. Wage trend is big worry now.

Detroit's reaction to the automobile price formula set up last week by OPA (BW—Sep. 1 '45, p15) was typically mixed. Relief that the formula had been finally arranged, and satisfaction with it in some quarters, were countered by worries over its complexity and fears that it bound the companies down too tightly in the face of the likely increase in labor costs later on (page 95), as well as by a scattering of outright dissatisfaction.

• **Break for Smaller Units**—On the face of it, the formula probably favors the smaller, independent companies over

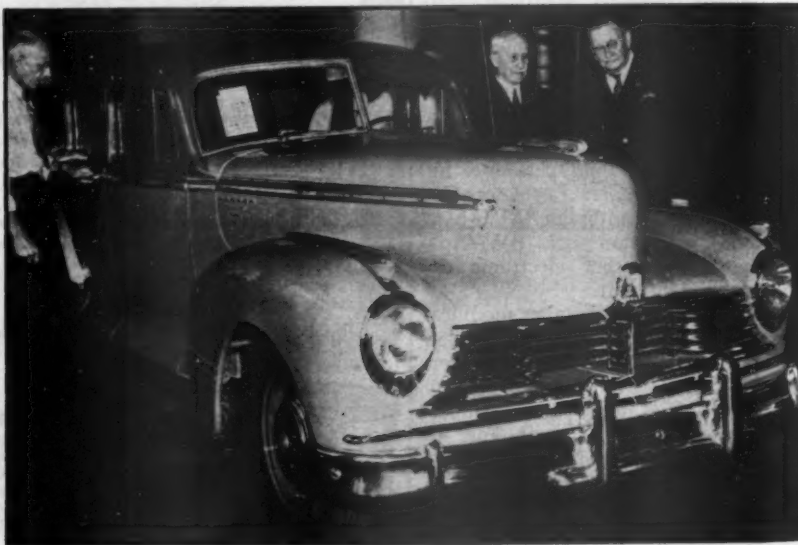
the big ones. By permitting each concern to make its own pricing formula, as sought by the independents, variances in final outcomes will be natural. Companies can add on their own 1936-39 average profit margin or half the industry average, whichever is larger.

Several smaller companies may be able to hike their profit allowance by using the basis of half the industry average, because their own per-car margins, based on limited volume, were far less satisfactory than those of the volume producers.

• **Loophole Sighted**—The technical difficulties of computing prices were a burden on all. This included evaluation of such complexities as "fringe" and informal wage adjustments, increases in overhead costs which may or may not be allowed, and the question of increased efficiency of plants and workers.

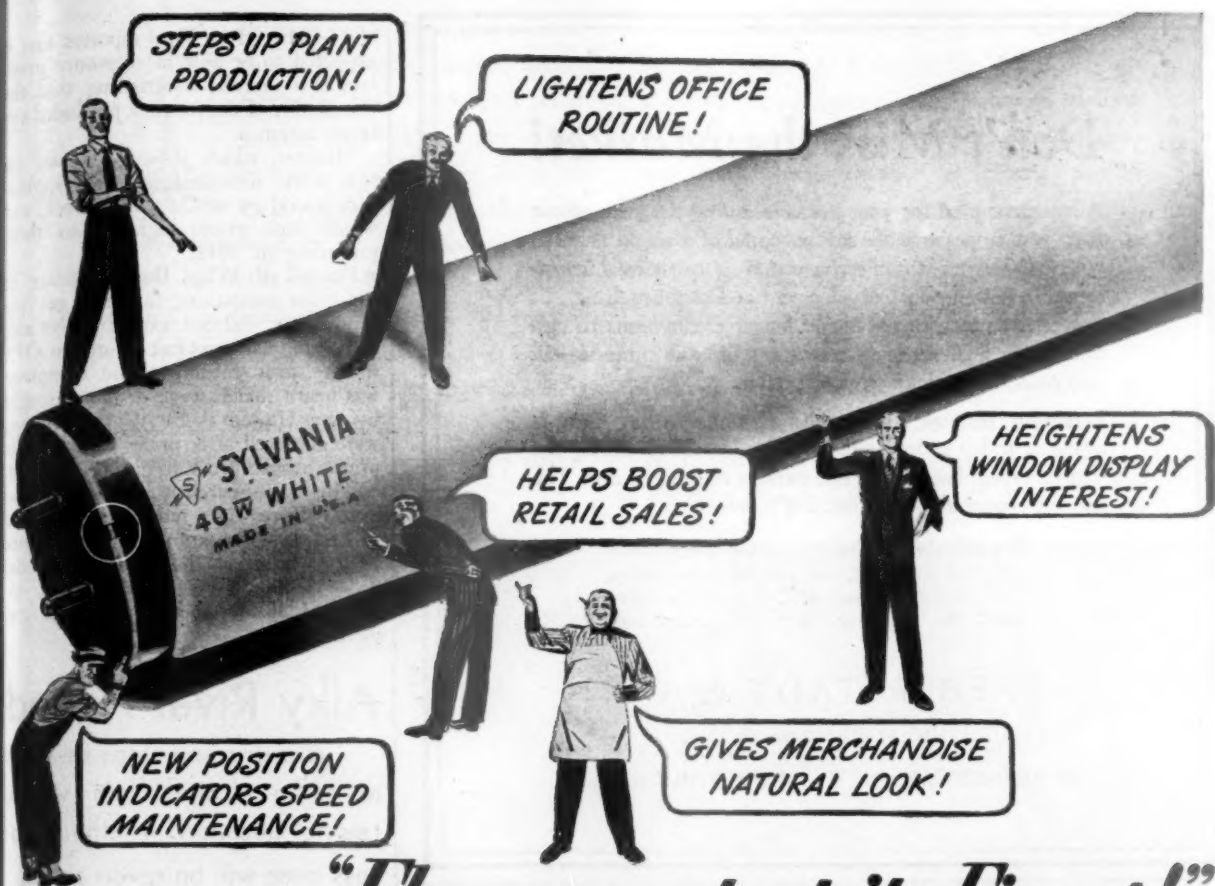
One loophole was sighted in the formula. Adjustments are permissible on labor costs beyond straight increases where justified by "model changes." All companies will have model changes, and how much they cost in wages will be extremely difficult for OPA to check.

• **Fords for Showrooms**—Fruits of the setting of the formula began to ripen this week. Ford was given permission to sell cars to its dealers for showroom use. The price will be the 1942 maximum, subject to payment later by the dealers of any increases which may be



ANOTHER CHOICE FOR THE MOTORING PUBLIC

Boasting an entirely new front and interior, Hudson's first 1946 model moves in review before Orville Wright (center), aviation pioneer, and Col. H. Nelson Jackson, pioneer motorist—brought to Detroit for the christening ceremonies. Looking forward to "uninterrupted and large-volume" production, Hudson foresees employment of 20,000, more than the wartime peak.



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Financing through an established underwriting firm is available today at low rates, with wide choice among the various types of securities. But markets wait for no man. The present opportunity will not last forever.

The best time to finance is when earnings and prospects are good, while market conditions are favorable, and well before necessity forces the issue—in short when you can.

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INVESTMENT BANKING

39 BROADWAY

NEW YORK 6, N. Y.

allowed by OPA. Ford reported that it expected to be able to announce prices late this month, mentioning that the complexity of the formula precluded any faster action.

Hudson, which showed its new car this week, indicated its price application would go to OPA next week, and would seek prices higher than those prevailing in 1942.

• **Fearful of Wage Increase**—Some of the other companies, slower to get into production, did not expect to be able to submit hard-and-fast figures to OPA in the near future. Some complaint was heard that if wage demands sought by the United Auto Workers Union were achieved after prices were set, the prices probably could not be changed.

This was apparently a minority viewpoint. Prices have rarely been changed in the past by auto companies once they were set at the start of a model year, despite any volume of wage increases that developed during the course of that year.

Alky Rival Halted

Construction stops on plant to make alcohol from wood, raising question whether process ever will be given a test.

The opposition which impeded the government's dabbling in the manufacture of ethyl alcohol from wood waste can now credit itself with at least partial victory.

• **WPB Backs Out**—Within ten days after Japan threw in the sponge, the War Production Board withdrew its sponsorship of construction work on a plant in Springfield, Ore., which was to have made upwards of 10,000 gal. of alcohol a day from sawdust (BW—Apr. 7'45, p. 57). The critical need for alcohol ended with the war.

Whether the uncompleted shell will be finished or allowed to stand as a war monument is up to the Reconstruction Finance Corp., which financed the \$2,570,000 cooperative venture of Oregon lumbermen who had banded together as the Willamette Valley Wood Chemical Co.

• **Under Two Strikes**—The backers of the plant held out the promise that it would produce cheap alcohol—perhaps as low as 20¢ a gal. as compared with 24½¢ to 28¢ in peacetime for molasses alky and as much as 60¢ for the grain product, depending on the fluctuating price of grain.

The steady opposition which harassed the Springfield project never came into the open, but obviously the industrial

TRIGGER-QUICK BRAIN POWER

*R.C. Allen
Business Machines*

Each R. C. Allen adding machine delivers swift, accurate, lifetime figuring power. ONLY R. C. Allen machines have all these features: visible total dials • automatic clear signal • light touch keyboard • two-color ribbon • permanent type alignment • and smart design.



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Manufacturers of 10-Key Calculators, Portable and Standard Adding Machines, Book-keeping Machines, Cash Registers, Statement Machines and All-Purpose Office Machines



Perhaps you're not quite so delicate as instruments used in manufacturing the bombsights that helped hit Tokyo right where it hurts... but we're going to treat you that way, just the same.

Things happened in air conditioning during the war... and the improvements in Worthington Air Conditioning — inspired by the need of giving war plants the most carefully doctored air — give fine promise of healthier, happier indoors for you. Soon, you'll be dining, playing, shopping and working where the air is controlled by almost bombsight precision.

The fact that Worthington (an old hand at this business) makes so many of the "vitals" of air conditioning equipment is significant to business establishments that want the best. Worthington machinery — compressors, condensers, pumps, engines, valves, fittings — can be *integrated* into a more efficient, more economical air conditioning plant. In unit conditioners or completely-engineered systems, this built-in teamwork explains why *there's more worth in Worthington*.

Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N. J. Specialists in air conditioning and refrigeration machinery for more than 50 years.

Q1A-5-11

GOOD FOR WHAT
"AIRS" YOU

WORTHINGTON

Air Conditioning

Potter Palmer's Castle Will Give Way to Housing

For the third time in 17 years the huge and ornate Potter Palmer residence, erected in the 1880's upon a 100,000-sq.-ft. lot on Chicago's Lake Shore Drive, is in the hands of owners who intend to tear it down and erect a tall apartment building.

Potter Palmer was a pioneer merchant of the era that built such Chicago fortunes as those of the Armours, Fields, Leiters, Pullmans, and Swifts. Palmer's wife cut the widest social swathe of the nineteenth century Corn Belt, setting the style in entertaining royalty during the 1893 World's Fair. The family name is perpetuated in the great hotel—still owned by the estate—which is successor to the original Palmer House.

• **\$15,000,000 Scrap of Paper**—First post-Palmer owner of the mansion on the Drive was Vincent Bendix, who contracted in 1928 to purchase the property for about \$3,000,000. He intended to put up a \$15,000,000 co-operative apartment building, but the 1929 crash sent this plan the way of a lot of other paper.

Bendix unloaded at forced-sale loss to a group of Chicagoans. But the new owners also failed to swing the deal, and in 1934 this biggest of Chicago's residential white elephants reverted to the Palmer estate.

• **The Prospects Are Favorable**—Last week's sale was to "The 1350 Corp.," a syndicate headed by two firms of experienced operators in top-crust Manhattan apartment properties: Bing & Bing, and General Realty & Utilities Corp. The price paid has not been revealed. Chicago real estate feel sure that the realistic new owners paid for the property a price low enough to guarantee that

they would fare better than did their over-optimistic predecessors.

A new apartment building on the Palmer home site would further close Chicago's North Side gap. Construction of the double-decked Michigan Ave. bridge over the Chicago River 25 years ago lured the pioneer buildings into the business district that is now filled with shops and office skyscrapers to Oak St. Considerably to the north is a long row of towering luxury apartments that were developed during the same term of years. This is Chicago's equivalent of Park Ave.

• **Landmarks of the 1890's**—Between these two neighborhoods is nearly half a mile of old-time homes left over from the pretentious days when servants were plentiful at \$3 a week. One of these surviving landmarks is the Palmer mansion.

Destined to be squeezed out sooner or later, these monumental relics were once the focal center of the city's civic pride. Most frequently pointed out to sightseers is the huge home at Oak St. last occupied by Edith Rockefeller McCormick.

Old Potter Palmer's stone castle—complete with Norman-style towers and battlements—cost \$1,000,000. Its massive architecture and glamorous reputation made it the target of heavy-handed gibes from every pre-war conductor of a rubberneck tour. One of its outstanding features was that no door had a key and no doorknob could be turned from the outside. No matter what their inbound hurry, even Mr. and Mrs. Palmer had to await ceremonious admission by liveried footmen and the butler.



alcohol people could not be expected to give three cheers for a competitive process claiming such low cost and such big volume.

• **German Patent**—The Scholler-Tornesch process of treating wood waste with acid and fermenting the resulting sugar for its alcohol was used successfully in Germany.

Licenses under the German patents were sold to Italy and Japan in 1939. Later the patents were made available to Americans by the Alien Property Custodian.

• **Abundant Sawdust**—Because of the great mountains of sawdust available

in the Northwest, the process excited much interest. It was estimated that the Springfield plant alone could use 200 tons of sawdust daily to achieve its full productive capacity, and that enough waste is now piled up in sawmill yards to produce 150,000,000 gal. of alcohol.

WBP's withdrawal of sponsorship had the effect of halting construction work immediately. Employees of the Ford J. Twaits Co. and the Industrial Engineers Co., contracting firms, were laid off without notice. There was no indication whether they might be recalled.

GAS FOR MEXICO CITY

MEXICO, D. F.—Officials in the Mexican capital are planning the construction of a \$20,000,000 natural gas pipeline from the important Poza Rica oil fields near Tampico to Mexico City.

Sole means of carrying natural gas into the capital now is in steel cylinders.

The pipeline will be surveyed and built with local funds provided by the Nacional Financiera, semiofficial investment bank which is providing the working capital for many of Mexico's industrialization projects

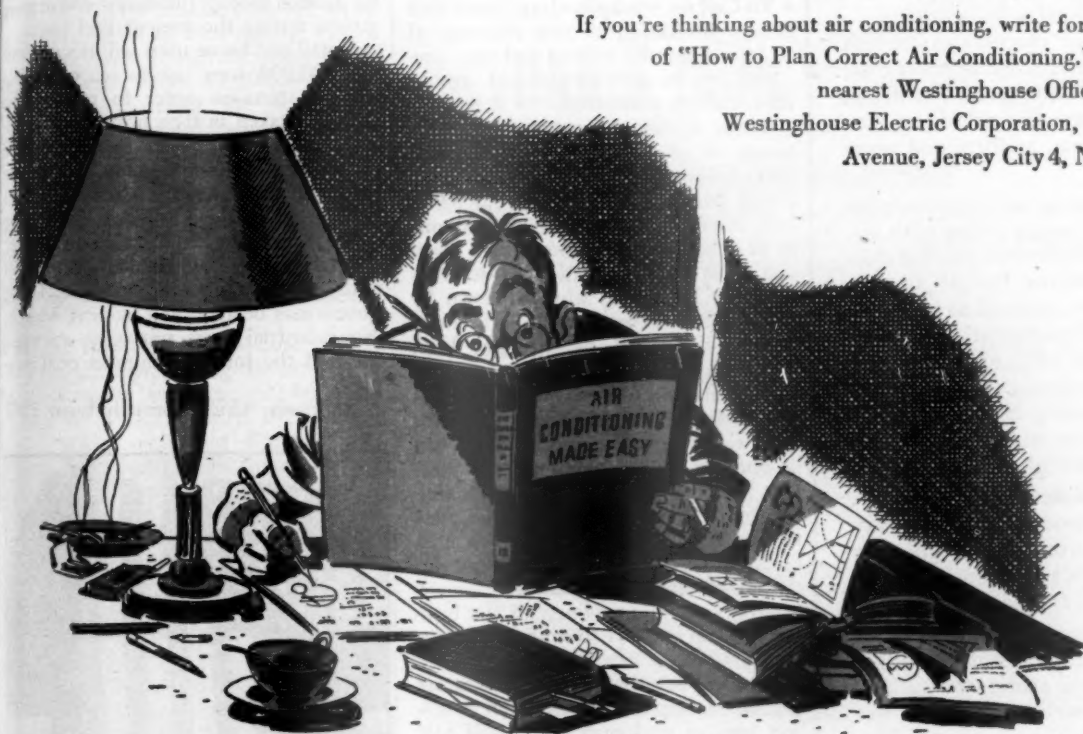
...no job for an amateur

The best way to avoid a lot of "blind alley" figuring when planning an air conditioning installation is to call on the experience of a qualified expert—right from the start. That's the sure way to arrive at *correct* air conditioning.

By *correct* air conditioning Westinghouse means the scientific blending of correct temperature, humidity, circulation, ventilation and air cleanliness.

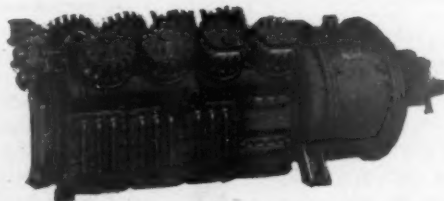
Consider these advantages of Westinghouse *correct* Air Conditioning: First, an air conditioning plant which will provide exactly the conditioned air you want to "live" with. Second, an installation which can be depended upon to give continued trouble-free and economical service. Third, correctly engineered equipment resulting from Westinghouse know-how.

If you're thinking about air conditioning, write for your copy of "How to Plan Correct Air Conditioning." Call your nearest Westinghouse Office, or write Westinghouse Electric Corporation, 150 Pacific Avenue, Jersey City 4, New Jersey.



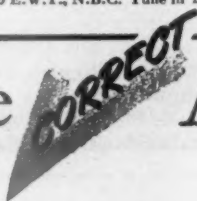
The Heart of Correct Air Conditioning WESTINGHOUSE HERMETICALLY-SEALED COMPRESSOR

The entire mechanism of the Westinghouse Hermetically-Sealed Compressor—including its motor—is sealed gas-tight. This feature means sealed-in power and sealed-out trouble... has been service-proved in thousands of Westinghouse installations. Compact and lightweight for easy installation. Low operating costs.

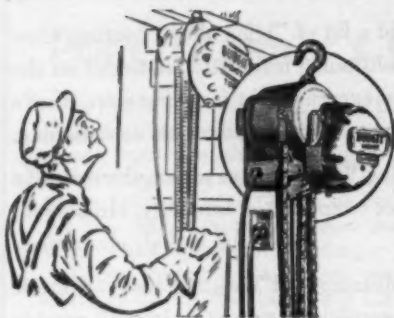


Westinghouse presents John Charles Thomas—Sunday, 2:30 E.W.T., N.B.C. Tune in Ted Malone, Monday through Friday, 11:45 A.M., E.W.T., Blue Network.

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PLANTS IN 25 CITIES OFFICES EVERYWHERE



Air Conditioning



Ban manual lifting

WHEREVER loads weighing up to two tons are to be lifted and electricity is available, install 'Budgit' Hoists.

Free labor's hands and strength for more production at lower cost. For when 'Budgits' do the lifting, workmen are also rid of the danger of sprain, rupture and over-fatigue.

There can be no comparison between the cost of lifting with human muscles and the price of electricity. With the 'Budgit', operating costs are so small as to be unworthy of consideration. This is due to the efficient design embodying the latest thought in lifting mechanism. Simple, fewpart construction with anti-friction bearings throughout!

Safety is built into 'Budgits'. Even inexperienced workers may learn to operate a 'Budgit' in a few minutes and even ignorance is protected from any mishap.

Many thousands have been installed in hundreds of industries. Innumerable stories of success have been written by them but held back by wartime rules. You are wise to install 'Budgit' Hoists wherever their use replaces manual lifting.

'Budgit' Hoists are portable, electric hoists built to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$119. For further details, write for Bulletin No. 356.



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MANNING, MAXWELL & MOORE, INC.
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Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

Coal Still Low

Deficit of ten million tons seen as reconversion demands, export needs increase. Key to problem held by John Lewis.

Hope that Japan's surrender might put an early end to the war-born coal shortage was blasted this week by Harold L. Ickes, Solid Fuels Administrator for War, who insisted that, under present manpower conditions, reconversion demands and urgent export needs for coal can be met only on a touch-and-go basis between now and next March.

• **To Call on Stockpile**—Ickes based this gloomy prediction on new estimates of coal needs for the present fuel year, prepared by an intergovernment agency requirements committee.

These figures contrast total requirements of about 585,000,000 tons of bituminous coal, including exports, with a peak potential output of 575,000,000 tons, leaving a deficit of 10,000,000 tons to be supplied out of stockpiles. They also show that domestic requirements estimates have been whittled down by 27,000,000 tons as a result of the war's end, while export figures have been boosted by 12,000,000 tons.

• **Depends on Work-Week**—Officials of the Solid Fuels Administration for War warn that this supply dilemma can be resolved only by nationwide cooperation based on two decisive factors: willingness of businessmen and home users to take any grade of coal (SFAW men declare that buyers who hold out for the better grades will be left empty-handed); and the readiness of the bituminous coal industry to continue operating on a six-day week.

Pointing out that wildcat strikes are already costing the nation about a million tons of coal each month, SFAW officials say that if the industry elects to return to a 45-hour week, as expected, a large part of the reconversion program may as well be scratched. Their formula for reconversion is terse and simple: "Reconversion takes steel; steel requires coal."

• **Army Cooperation Asked**—They say that one man—John L. Lewis—holds the key to the coal crisis. The United Mine Workers chief can make or break this year's coal program by agreeing or refusing to work out a compromise arrangement until the emergency is passed.

SFAW is negotiating with Army officials in an effort to speed the demobilization of coal miners. Although they have given the Army the names and serial numbers of 100,000 soldier-miners, there seems little likelihood that their

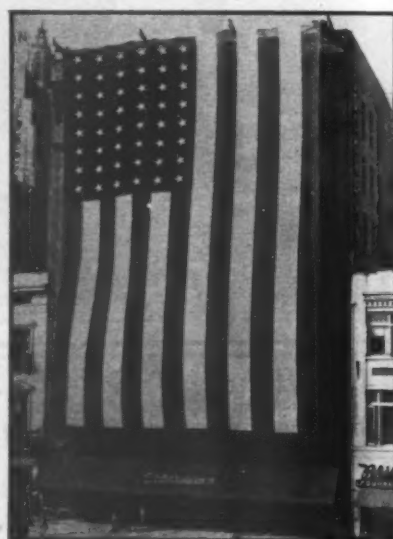
release will be speeded. It is estimated unofficially that only about 50% of these men intend to return to the mines after being demobilized.

In view of these manpower troubles, SFAW officials look with a jaundiced eye on a recent statement issued by Gen. Brehon B. Somervell, promising that Army cutbacks would free about 145,000,000 tons of coal for domestic use (BW—Sep. 1 '45, p. 5). They declare that this overoptimistic report, which leaves reconversion needs out of the picture, has caused some industries to defer purchasing in hopes of getting better coals, thus diverting production into export channels.

• **Less for Railroads**—Here is how the SFAW expects national coal supplies to be divided among the major consuming groups during the present fuel year:

Retail and home users will need about 127,000,000 tons, an increase of 10,000,000 tons—in order to restore the 20% cut taken in their normal coal supplies during the war. Although the 80% quotas must remain "for some time" on home heating sizes of eastern bituminous coals, SFAW is amending its regulations to allow dealers to deliver the remaining 20% in substitute soft coals whenever these are available. These quotas may be abolished by next March. Nonindustrial users normally consume 20% of the total bituminous coal supply.

Railroads, which normally burn 20%



A BIG FLAG FOR A BIG DAY

Godchaux's store, New Orleans, was ready for V-J Day with this custom-made, Brobdignagian flag. The banner covered 4,400 sq. ft., weighed 275 lb., and was raised by more than 600 ft. of heavy steel cable.

of the national supply, will need 12% less coal during the next few months than in wartime, as a result of an expected 15% drop in freight traffic. They will need 127,000,000 tons this fuel year—about 12,000,000 tons under wartime requirements.

Some More, Some Less—Public utilities will require only about 1,000,000 less tons of coal, since most civilian production will use more power per man hour than did war industries. Their estimated requirement is 76,500,000 tons, about 15% of all bituminous coal.

Coal needs of the steel industry, which will play a star role in reconversion, will decline about 2,750,000 tons from wartime—relatively less than the drop in coal requirements of industry generally. Steel and coke requirements for 103,700,000 tons of coal will represent about 20% of total supply.

The furnaces of manufacturing plants will consume about 12,600,000 fewer tons of coal during the next seven months than they did in wartime. This decline partly reflects the time lag in reconversion.

Cement mills, now clearing the decks for a vast peacetime construction program, will require nearly 5,000,000 tons of coal—over 1,000,000 tons more than they were using before Japan surrendered.

Below Europe's Needs—Coal exports to Europe, representing about 5% of total domestic supplies, will be badly missed by U. S. industry, but government policy recognizes Europe's desperate needs. Although there are now enough bottoms, and coal, to ship 2,000,000 more tons to Europe than scheduled prior to Japan's surrender, the total of 8,000,000 tons earmarked for export will fall short of minimum rehabilitation requirements by about 16,000,000 tons. None of this coal will come out of domestic heating supplies.

Europe's need for U. S. coal has been intensified by the slow British progress in getting coal out of the Ruhr. At Potsdam, British officials were told to use any measures necessary to step Ruhr coal production up to 25,000,000 tons a year. The mines are now being operated at a rate of 8,000,000 tons—about 20% of their prewar output.

One outstanding businessman just returned from observation of the area reported disgustedly to President Truman that the Anglo-French mining organization resembles a high school debating society.

Another important decision at Potsdam has borne fruit. Poland, which acquired Silesia, has been doing an excellent mining job in that area, producing up to 2,000,000 tons per week. Railroad transport difficulties are blocking any further increase in this output.



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Todd Payroll Systems enable any clerk to complete the earnings record, employee's check or statement, and payroll sheet *simultaneously*—saving up to 62% of the posting time.

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■ "...Very much pleased with your system. It saves a good deal of time in preparing our payroll—at the same time making the preparation of our quarterly Government reports easier and more accurate."

*General Box Company
Beaumont, Texas*

■ "To us it is one of the most efficient payroll methods we have found. Not only does this system complete the Employees Earnings Record in one payroll operation, but considerable time is also saved at the end of each quarter in making Government reports."

*Cook Heat Treating Corporation
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Clothing Drought

Shortage of men's suits is more acute as servicemen's demands are added to pent-up needs of civilian market.

From a background of yawning shelves, the men's clothing industry regards the market outlook with something of the palpitations of a man waiting with a sponge as the flood nears his door. Even before the Jap collapse, retail stocks were so thinned that some stores were unable to fit customers in any suit, let alone one that the customer really wanted. The situation was aggravated by the discharge of fighting men eager to return to what our British allies term "mufti."

• **Staggering Demand**—Things were bad enough back in May and June when total military discharges were running around 150,000 monthly. After that came the deluge. The Army figures that in the next twelve months it will let out approximately 6,100,000 men; the Navy figure is 3,300,000. Thus within the next year 9,400,000 will jump gladly from uniform to civvies. The Office of Civilian Requirements has urged that these men get first crack at available clothing stocks.

The discharges mean a staggering addition to a civilian demand represented by men who are short on wardrobe and long on cash. The total of 9,400,000 discharges amounts to almost 20% of the entire adult male population. Several factors combine to indicate that the total rise in demand will be above 20%.

• **New Shapes, New Clothes**—Merchants are generally convinced that almost every soldier or sailor will require practically an entire new outfit of clothing. Exercise, proper diet, open air activity have added to, or redistributed, the weight of the vast majority. This means that the suits left hanging in many a closet won't contain Johnny when he comes marching home. Moreover, in the cases where he could slip into his old clothes, he may find that his wife or his mother, moved by compassion and mercy propaganda, has bundled off his clothes to European war victims.

As in the case of civilians, Johnny will have a roll big enough to pay for what he wants when he leaves the service. None of his discharge pay is earmarked for clothing, but there will be enough to cover. Each serviceman (up to the rank of captain in the Army and to lieutenant, senior grade, in the Navy) is entitled to \$300 mustering-out pay if he has served 60 days and has been out-

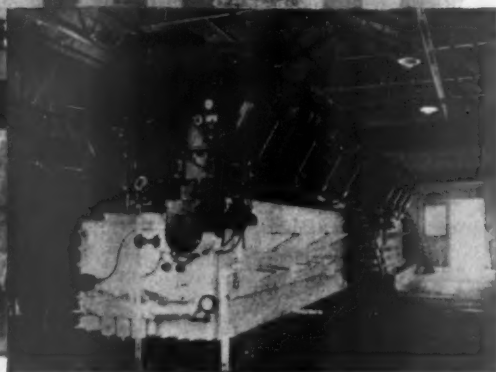
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TRI-ETHANOL-AMINE in her make-up

THE jaw-breaker above is an important ingredient of many cosmetics. Natural gas, of all things, is actually the raw material for this, and some 200 other incredible chemicals produced in this country on a commercial scale.

These chemicals are used by industry in a thousand ways . . . as ingredients or solvents in everything from hair tonics to high explosives, from embalming fluids to photographic film, from soapless soap to high test gasolines, and even a chemical that speeds the sprouting of potatoes.

This work in gas chemistry has opened a field as tremendous and as far-reaching as Germany's coal-tar chemistry. It affects every man, woman and child throughout the nation. And its possibilities are still unlimited.

In this gigantic, modern industry you'll again find Cooper-Bessemer engines and compressors

handling key assignments. Cooper-Bessemer units totaling thousands of horsepower are used for various phases of processing. In addition, Cooper-Bessemer powered compressor stations deliver by pipeline natural gas necessary for those chemical miracles. The large 800 hp. units shown above comprise only one of these stations. It's still more evidence that America's great industries look to Cooper-Bessemer engines and equipment for reliable, efficient performance on land, at sea, and on the rails.



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side the continental United States. Active service beyond 60 days in the U. S. rates discharge pay of \$200, and less than 60 days, \$100.

• **Coupon Plan**—This is in addition to unemployment allowances, loans to buy homes or go into business, educational grants, old-job guarantees. Added together Johnny's benefits appear generous and even lavish to comrades under other flags—but not necessarily to a vote-sensitive Congress.

Eight senators have sponsored a bill to provide extra financing for the serviceman's civilian costume. It would give each discharged man (or woman) \$150 in coupons for the purchase of clothing. Cost to the government would be \$1,500,000,000. Doubtless other legislators are chagrined at not having thought of this tax-paid channel to the soldier voter's heart, and other proposals along similar lines will no doubt be forthcoming.

Textile manufacturers share the concern of clothing makers at the overwhelming market. Retailers have some chance for a breathing spell since men buy according to weather and won't be demanding heavier suits until the fall chill creeps into the air. But the manufacturer of textiles and the maker of men's suits must supply the trade in advance.

• **Shortages Inevitable**—Worsted yardage, most popular suit material, was practically barred from use in civilian clothing on Dec. 31, 1944. Restrictions were relaxed somewhat on July 5 and the gates were opened wider when peace came. But that six months' hiatus is still to be overcome and (with the exception of blue serges and other military cloths immediately adaptable to civvies) deliveries will remain retarded for several months.

When buying becomes insistent, sometime next month, a critical short-

age would appear to be inevitable. While mills will deliver worsted to cutters in October, delays in shipping and the manufacture of suits should hold off volume receipts by retailers until December or January. The crisis is especially acute for mail-order houses since their business requires them to do their ordering well ahead of seasonal demand.

• **Some Serge Available**—War cancellations will help some. Types that will be made immediately available include 18-oz. olive drab serges, 104-oz. O. D. flannels, 16-oz. Navy serges, some gabardines and tropicals. The two first types won't afford any relief for this year's customers in cold climates, for it will take weeks to dye and otherwise process the olive drab serges and flannels. Only the blues will be ready for use at once.

Manufacturers have been instructed to finish military suits that have been

Federal Statistics Reveal Labor Supply Factors

Information on the labor market—a major item in the reconversion picture (BW—Sep. 1'45, p17)—is provided in releases by Washington agencies of statistical reports on various factors in labor supply.

Thus, the Social Security Board last week reported that 596,458 persons had filed initial claims with state unemployment compensation offices during the week ended Aug. 25 (the first full week following Japan's capitulation).

This was about eleven times the number filed in the week prior to the war's end, and more than 50% higher than any week since unemployment compensation got under way in 1938. (Although claims sta-

tistics are not an exact measure of unemployment, the size of this figure depicts the extent of immediate cut-back unemployment.)

Also last week, the War Manpower Commission made public the first of a series of roundups of the labor situation in major producing areas. Releases which will be issued weekly throughout the reconversion period will include every labor market area of 75,000 population or more.

The table below lists the 36 areas in which layoffs during the ten-day period immediately following the war's end (Aug. 15-Aug. 25) amounted to 10,000 or more. Shown also is the total munitions

employment on July 15. Although this figure is lower than the peak in almost all cases (very considerably lower in several, such as San Francisco, Dallas, and Jacksonville), it serves as a fair indication of the severity with which the cutbacks were felt.

The table's third column shows the number of job openings listed with the U. S. Employment Service on Aug. 25, 1945. The size of this figure in many areas is unexpected, in view of the mass unemployment. Differences in wage and skill levels are primarily responsible for the reluctance of many former manufacturing employees to fill these openings. (Figures in thousands—000 omitted.)

Area	Munitions Employment July 15, 1945	Layoffs Aug. 15 to Aug. 25, 1945	USES Job Openings Aug. 25, 1945	Area	Munitions Employment July 15, 1945	Layoffs Aug. 15 to Aug. 25, 1945	USES Job Openings Aug. 25, 1945
Detroit	490.0	100.0	7.1	Columbus, Ohio	39.8	18.0	3.2
New York City	434.0	89.2	62.4	Dallas	30.5	17.9	5.0
Chicago	385.0	85.0	46.0	San Francisco	201.0	17.0	24.0
Los Angeles	335.0	70.0	39.0	Rochester, N. Y.	82.0	16.0	4.5
Newark, N. J.	273.5	58.8	10.2	Portland, Ore.	100.0	15.8	15.7
Cleveland	235.0	58.0	12.0	Toledo	59.7	15.7	3.7
Buffalo	142.7	38.0	4.0	Springfield, Mass.	58.2	15.6	3.5
Cincinnati	100.0	37.0	3.7	Bridgeport, Conn.	69.0	15.4	0
Paterson, N. J.	93.0	35.0	10.9	Indianapolis	72.0	15.0	6.7
Kansas City	55.6	33.6	5.7	Providence	67.0	15.0	8.5
St. Louis	150.0	33.5	10.5	Flint, Mich.	47.0	14.0	2.1
Baltimore	159.0	32.0	15.0	Wichita	31.5	14.0	2.5
Philadelphia	340.0	29.4	16.9	Atlanta	35.0	13.5	5.5
Milwaukee	131.0	29.0	8.8	Oklahoma City	17.4	12.4	2.3
Boston	178.0	24.2	13.3	Denver	26.0	11.0	3.5
Twin Cities	61.9	22.0	12.6	Evansville, Ind.	38.3	10.3	1.2
Hartford, Conn.	60.0	20.0	3.0	Dayton, Ohio	77.5	10.0	3.7
Pittsburgh	236.8	19.5	16.6	San Diego	32.6	10.0	4.2

* Not available.

Don't handicap tomorrow's equipment with yesterday's wiring—

It's A FACT that inadequate wiring can reduce equipment performance by twenty-five to fifty per cent. This is true right now—and think of your greatly expanded electrical future!

Remember, wiring comes *first*! Foresighted wiring based on future needs—not tied to formulas of the past.

It costs nothing to review your wiring plans now. But it may cost plenty for shutdowns, teardowns to permit extensive alterations later.

Make a note of it: Check wiring plans! Call in your consulting or plant power engineer—electrical contractor or power salesman. Let them help match your wiring to future production hopes. Anaconda Wire & Cable Company, Subsidiary of Anaconda Copper Mining Company. General Offices: 25 Broadway, New York City 4. Chicago Office: 20 North Wacker Drive 6. Sales Offices in Principal Cities.

Wire ahead



Why pay for COMPLETE equipment then cut its performance with PART-WAY wiring?

DON'T BE
PART-WISE
AND
POWER-
FOOLISH

HELP BRING VICTORY SOONER
BUY MORE WAR BONDS

ANACONDA

ANACONDA WIRE & CABLE COMPANY



**PREPARED TO
SERVE THE
AVIATION INDUSTRY**

— with many years of specialized experience in the production of parts and equipment for the Aviation

Industry, we are preparing to meet the needs of post-war aviation which will demand quality and low manufacturing cost.

Your inquiries will receive prompt attention.



Coming our way?

IT'S COOL AT
HOTEL Lennox ST. LOUIS
ALL ROOMS AIR-CONDITIONED
GUEST-CONTROLLED



VOTED MOST POPULAR BOSS

He won their hearts with a G-E water cooler. You'll want enough G-E water coolers in your postwar business to provide cool drinking water for everybody. For about 2¢ a day to operate...get goodwill, employee efficiency. General Electric Company, Section 5869, Bloomfield, New Jersey.



COSTS 2¢ a day TO OPERATE

**GENERAL ELECTRIC
WATER COOLERS**



MAKE WAY FOR THE LOCOMOTIVE

Stamped with a victorious V-J, the last of the tank destroyers—an M-36—from American Locomotive Co.'s Schenectady (N. Y.) plant hails the new 1,000-hp. diesel electric locomotive, to which the destroyer now yields its place on the company's production lines. The end of the war presented no major reconversion problem at this plant, for it has continued to turn out locomotives while at the same time producing more than \$850,000,000 worth of direct war equipment. With the cancellation of the last tank contract recently, locomotive production can now swing into full stride once again.

cut, which will take four to eight weeks, before they start on civvies. War Production Board limitations prohibiting pants with pleats and cuffs were removed months ago. There remains L-224 which outlaws two-pants suits, and vests with double breasts. WPB is considering a revision of this order. A revocation would throw the question into the lap of the Office of Price Administration since price boosts might be necessary.

• **Order to Expire**—Order M-388 expires Sept. 30. There will be dancing on its grave. This order sought to boost production of low-priced clothing by priorities which channeled cloth into these grades. It raised the stomach ulcer index in the garment centers by an estimated 50%. Not only did it infuriate chiselers who were flagrantly up-pricing inferior merchandise, but it brought real hardship to manufacturers who could not get the low-priced materials necessary to meet requirements of the order.

But OPA announces with grim emphasis that it still is sitting on the price lid. When M-388 expires its job will be taken over by M-328B. The new rules drastically change price classifications, make available AA-3 ratings to manufacturers who made clothing at \$21 or less in 1943. The revised rules are considered by the trade to be a more realistic weapon for lower priced gar-

ments. In a few months there will be plenty of fabric above the requirements of manufacturers with AA-3 ratings and this will allow the industry sufficient elbow room.

MAP (maximum average price regulation) has been only slightly less effective than M-388 in stimulating industry complaints. This price control ruling used the 1943 level as a base, was considered far too rigid for the many exceptional cases which made compliance difficult. MAP has been relaxed at the price goods level, and clothing manufacturers expect some relenting in their classification.

• **Won't Last Long**—There is little chance that the impending shortage in men's clothing can very long persist. In 1939 we produced 330,000,000 yd. of worsteds and apparel woolsens. Last year the figure was 441,000,000 yd. and the industry comes out of the war up to its eyes in raw wool. Making allowance for foreign relief, yardage available for civilian clothes is going to be far beyond that of 1939. The U. S. manufactured 23,600,000 men's suits in 1939. Present facilities can top that figure if necessary.

Clothing makers did all right during the war. For example, one of the leading companies, Hart, Schaffner & Marx, showed a net income of \$419,000 in 1939, and \$1,392,000 in 1944. The tailors have not allowed such blessings



The trade-mark you can bank on

When the trade-mark "Timken" is stamped on a bearing, then you know that you can count on unfailing performance and the utmost in dependability. Nearly 50 years of accumulated experience and research is represented in the building of each Timken Bearing. The Timken Company is the only manufacturer of Roller Bearings in the country which

makes its own steel. Thus, we control every operation that enters into the building of a bearing from the initial design through the final inspection. This is a feature exclusive with The Timken Roller Bearing Company—a service you get only when the trade-mark "Timken" is stamped on each bearing. Look for this trade-mark—it assures you a bearing you can bank on!

THE TIMKEN ROLLER BEARING COMPANY, CANTON 6, OHIO

TIMKEN

Trade-mark Reg. U. S. Pat. Off.
TAPERED ROLLER BEARINGS

*Timken Bearings, Timken Alloy Steels and
Tubing and Timken Removable Rock Bits*



Once... you had to bring your letter to the postoffice, pay the postage in cash. And people thought the U. S. postal system was a big improvement over sending mail by private messengers...



Then... you had to buy a stamp for your letter; wet the stamp and stick it on, drop the letter in a mail box. And people said postage stamps were a great invention, a lot better than paying cash at the postoffice!



Now... you can use a postage meter!... which provides any value of postage needed, for any kind of mail—prints the stamp directly on the envelope, seals the flap at the same time, protects and records postage, speeds up mailing in *your* office, speeds up mail in the *postoffice*! Every office can use a postage meter. Any office can afford one!

Pitney-Bowes is making postage meters again. Inquire at our nearest office—or write for an illustrated booklet!

PITNEY-BOWES Postage Meter

PITNEY-BOWES, INC., 1490 Pacific St., Stamford, Conn.

Originators of Metered Mail, largest makers of postage meters
Offices in principal cities. In Canada: Canadian Postage Meters, Ltd.

to pass unnoticed. On Aug. 7 some 150,000 employees in the industry demanded a \$1-a-day wage increase (and other privileges) through Sidney Hillman's Amalgamated Clothing Workers. Since the industry is dominated by the sagacious Sidney and his Amalgamated, the betting is: "They won't get all of the dollar because that's only the trading figure. But they'll get most of it."

Surplus to Wear

G. I. work clothing will find a ready market. It won't be sold at "give-away" prices, Commerce Dept. pledges.

Workmen, farmers, and outdoor men will have a field day in buying heavy work clothes from Army and Navy surpluses. Clothing of this type is and will be in the stores for some time to come.

There won't be a "give-away" program, however, for the Dept. of Commerce plans wherever possible to get ceiling prices for surpluses. In cases where clothing has been treated with chemical or water repellents, it will not be possible to recover the finishing costs on these expensive materials.

• **Price Differential**—Because of a certain sales resistance to "Army color," Navy clothing may be in greater civilian demand, and it is possible that Army clothes may retail at a slightly lower price. Unpopularity of color or style is expected to be counterbalanced by weight and excellence of material; a workman likely will be glad to pay a pretty fair price for a heavy overcoat or jacket.

Less adaptable pieces of Army clothing will naturally find their market among a very needy class of buyers—but nowhere in the disposal of surpluses is there a note of philanthropy.

• **G.I. Sports Jackets**—Surpluses of uniforms, a large item, offer various ideas to ingenious manufacturers, especially the tunic which is not very adaptable. Some have suggested tearing the garment up and recombining it with a patterned material to produce a type of sports jacket that is popular. There is the idea of overprinting some of this clothing, though on heavy materials this is not a simple matter.

The easy solution to converting some of this clothing to civilian uses would seem to be to dye it. However, dye must be applied at such high temperatures that it produces great shrinkage in the wool.

• **Won't Flood Market**—Officials in the Dept. of Commerce handling surpluses

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There is a tremendous quantity of surplus clothing and while its presence in the market now will not be felt except to fill a gap in needed commodities, it will be felt later if the Army is to make speed in declaring its surpluses. Quantities of military clothing thrown on the market in eight or ten months would elicit a resounding howl from manufacturers.

Shoe Problem—One of the largest items under surplus clothing will be shoes, which doubtless will run into the millions. Some of these shoes are new; others are in various stages of repair. The new shoes will very likely offer heavy competition to the ordinary type of workmen's shoe, which often is not made of high-grade leather in Army specifications. The prices may be very close. It is not felt that these shoes will be sold at full Army cost. Officials handling this item of surplus have recommended a system of grading and using shoes.

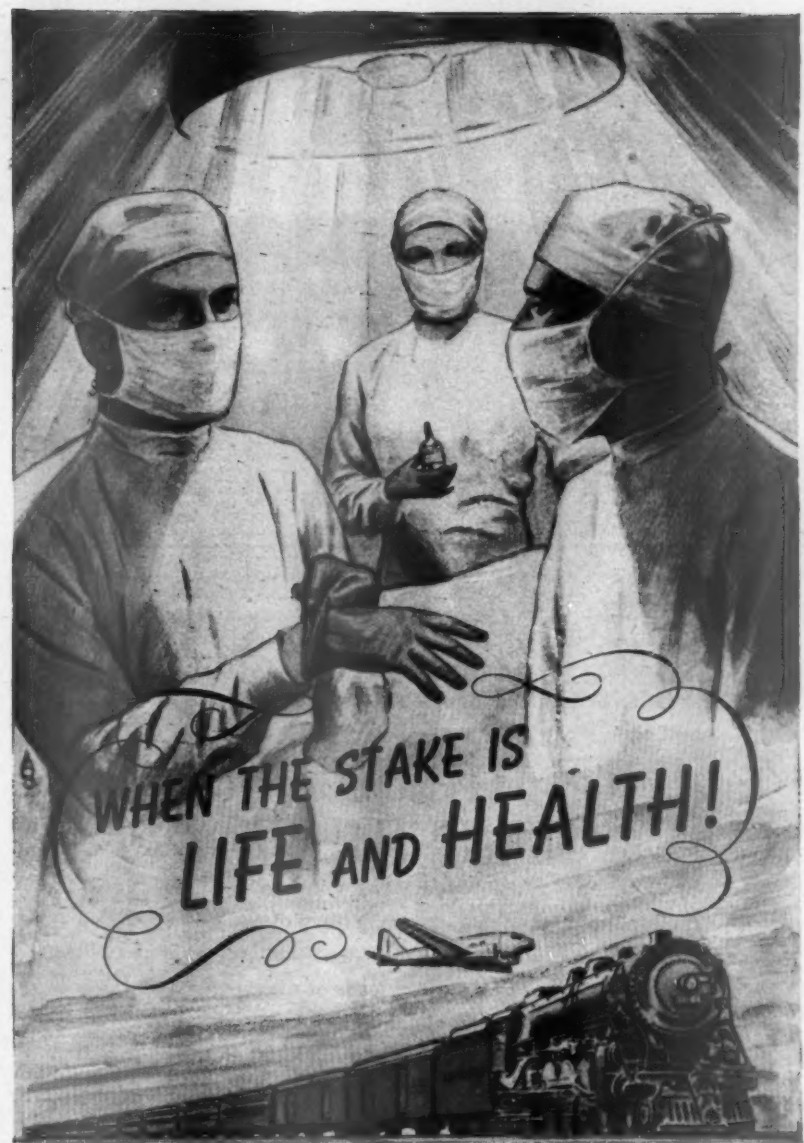
United Nations Relief & Rehabilitation Administration has indicated willingness to take as much of the surplus clothing as possible. Approaching winter in Europe makes the demands immediate, and the agency is a logical buyer, because it cannot wait for production schedules. Also there is a great deal of surplus clothing already in Europe.

Shorts Still Short—There will not be a sizable excess of cotton clothing, so men who have been baffled by the "shorts" scarcity will not be relieved by army surpluses. This applies also to socks.

Woolens will reach the market before cottons, first because the Army had made considerable cutbacks before cancellations and also because the cotton demand for the armed forces has been heavier than for other fabrics.

ROCKWELL EYES PULLMAN

One of the "several other groups with which the sale of Pullman's sleeping car business has been discussed" in competition with the syndicate headed by Otis Co. (BW—Sep. 1 '45, p. 26) turns out to be Col. Willard F. Rockwell. Four companies of which Rockwell is chairman are Timken-Detroit Axle Co. and Dupont Motor Car Corp., Detroit; Standard Steel Spring Co., Coraopolis, Pa.; and Pittsburgh Equitable Meter Co. The interest of these firms in a car-making and operating business is apparent.



ONE OF THE important responsibilities of Railway Express is the fast and sure handling of such vital specifics as penicillin, the many sulfa drugs, and the thousand and one other modern necessities on which life and health depend.

Speed and personal attention are but two of the basic ways in which medicine, industry, wholesale and retail business, and the general public, are served in war and peace by our nation-wide facilities.

BUY MORE

WAR BONDS



NATION-WIDE

RAIL-AIR SERVICE



IS YOUR LETTERHEAD WORTHY OF YOUR FUTURE?

September 8th marks the 25th anniversary of the first scheduled coast-to-coast air mail flight, on the same route over which United Air Lines now flies wartime plane loads of mail, express and passengers. In the postwar days of fabulous luxury flying just ahead, United will be ready with new giant Mainliners to wing through the skies at five miles a minute!

To commemorate this 25th birthday, United Air Lines has chosen a Strathmore paper for its anniversary letterhead—as a worthy and handsome representative to speak for the future of this great air line. YOU, too, should use a letterhead that says “progress” for YOUR company. With lighter weight papers necessary under government regulations, quality is more important than ever. The Strathmore watermark is your assurance of that quality.

STRATHMORE MAKERS OF FINE PAPERS

Strathmore Paper Company, West Springfield, Massachusetts

YOUR WASTE PAPER IS URGENTLY NEEDED—Over 700,000 war items, shipped to the fighting fronts, are either made of or packed in paper. Much of this paper is made by re-processing waste paper. Clean out your old files and obsolete printed matter and get it into the hands of your local waste dealer or salvage committee immediately.

Power for Ickes?

Army power plants would round out Interior Dept. hydro facilities. Question is: Can they be separately acquired?

The Army's disposal of 13 power plants poses a problem which makes likely that Secretary Harold Ickes will soon have the Surplus Property Board and the Reconstruction Finance Corporation by the ear. The question is whether Ickes' Interior Dept. will be permitted to acquire whatever power plants it desires, independent of the ordnance manufacturing facilities of which two of the 13 plants are a part, or whether the RFC shall be permitted to follow a policy of attempting to sell plants entire before allowing the dismantling of any component equipment.

• **A Roosevelt Policy**—Interior's legal claim to priority on war surplus facilities is bolstered by a policy spelled out nearly two years ago by President Roosevelt, when he told war agencies, "have in mind that such [war-borne] power plants may be utilized after the war in connection with existing public power systems."

Secretary Ickes has in mind the same thing as did Roosevelt, and it looks as if it would take several Philadelphia lawyers to find anything in the Surplus Property Act which could be construed to prevent his getting what he wants.

• **Why He Wants Plants**—Ickes' vast public power empire is built almost entirely on hydroelectric generation. Rivers being the erratic things they are, hydro capacity almost always requires a certain amount of steam back-up if it is to be sold at profitable firm power rates rather than as dump power, which private electric systems take at very low rates when they can get it.

Thus, acquisition of a few strategically located steam plants from the growing list of surplus properties could at once increase value of the Interior Dept.'s existing holdings, and free them from the necessity of having to depend on privately owned systems for the steam firing capacity.

• **Strategically Located**—Of particular interest to Ickes in the list of 13 power plants released by the Army are the stations at the Oklahoma Ordnance Works, at Pryor, Okla., and the Hawk Ordnance Works, at Bastard Springs, Kan. Located, respectively, 100 miles south and 80 miles north of the Grant River Dam on the Neosho River, each of these plants contains 20,000 horsepower of steam capacity.

Grant River Dam, owned by the

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authority, was taken over early in the
by the federal government when
authority failed to maintain pay-
on its public works administra-
obligations. Its output is now mar-
by the Interior Dept.'s Southwest
Administration (BW—Nov. 18 '44,
SPA currently obtains its back-up
requirements from the Southwestern
Pool, a group of private com-
panies.

Integral Part?—Half of the capacity at
Pryor (Okla.) installation is of high
pressure type which requires ex-
tensive rebuilding or use of process
to operate efficiently. As such, it
might be regarded as an integral part of
the ordnance plant and not available
for disposal separately from the plant.
The remainder of the 40,000 kw., how-
ever, could hardly be considered an in-
tegral part of the Pryor and Baxter
plants, particularly since the
would be available and anxious to
take whatever postwar load might be
developed at either site.

Silver Flurry

**Avid demand for imported
metal stirs conjectures on how
high ceiling will last and on
future of domestic mines.**

Silver, problem child of the western
mining country, is enjoying the briskest
market in years. But it isn't the product
of domestic mines for which consumers
are bidding; they want imported metal.
Under a Ceiling—The basic factor
that makes foreign silver popular is that
the market is under a ceiling price of
\$1.29 a troy ounce while the U.S. Treas-
ury supports the price of domestically
produced metal at 71.11¢.

However, there are two other reasons
for the flurry (and these account for
the fact that it is taking place at this
particular time): (1) The government
has moved its restrictions on use of
foreign silver a few days ago, and (2)
there is a broad demand from recon-
structing industry.

Dealers, meanwhile, either can't or
won't meet the entire demand. They
admit they haven't enough foreign silver
to go round; buyers counter that the
dealers are trying to force a boost in
the ceiling price.

Insistent Bidders—Jewelers, enjoying
large sales at fancy prices, are the most
insistent bidders for the white metal.
Right behind them are industrial
users. The makers of silver flatware now
are reconverting to their prewar product.
Users of tin-lead solder—notably the

Shearing costs
are one thing
you can hold down!

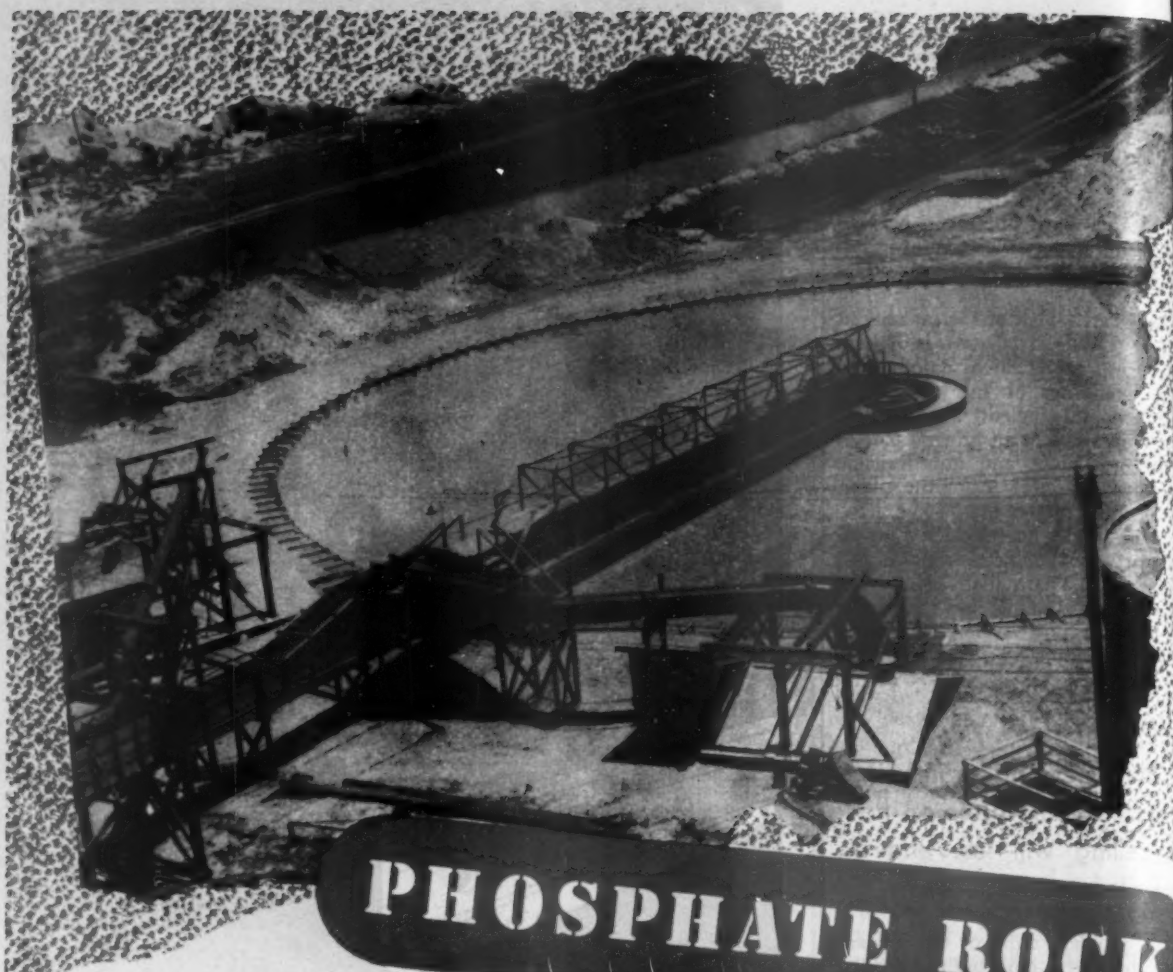
*Heppenstall
Phour Knives*
deliver more cuts per grind

Not just because we're the oldest and largest maker of solid tool steel knives
—not because our knives have set such remarkable performance records in
other plants—BUT because we *know* that our knives, in your mill, under
your own operating conditions will give you more and cleaner cuts per
dollar of cost . . . we recommend Heppenstall knives as a basic and proved
advantage in meeting tougher marketing competition. Write for a quotation.
Heppenstall Co., Pittsburgh 1, Pa.

Heppenstall



the most dependable name in forgings



PHOSPHATE ROCK

for Agricultural and Industrial Purposes



With mines in the three phosphate fields of America—Florida, Tennessee and Montana—International is well prepared to meet expanding domestic and export requirements for Phosphate Rock for agricultural and industrial purposes. As a result of its long-range exploratory and development program, International has continually improved its processes for the preparation of Phosphate Rock, has opened its new properties in Montana and has enlarged production capacities at its mines in the Southeast. *International Minerals & Chemical Corporation, General Offices: 20 North Wacker Drive, Chicago 6.*

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Single Standard in the Public Mind

Ever since 1911, when the U. S. Supreme Court handed down its famous antitrust decision dissecting the old Standard Oil Co., there have been not one but several disassociated concerns bearing that name.

But despite that fact, and in the face of continuing efforts of the various Standard Oil firms to achieve individuality, the public—or most of it—still fails to distinguish one from another.

Many Don't Know—A survey conducted by Elmo Roper for Standard Oil Co. (N.J.) in 1943 found that only 22% of the public thought of the several Standard Oil companies as individual concerns.

A second survey this year—after two years of intensive advertising and promotion effort—disclosed that even now only 27 persons out of 100 know that Standard Oil (N.J.) and Standard Oil of California, for example, are not one and the same concern.

Many people must have been confused by the lawsuit which followed when Standard of New Jersey opened a service station in St. Louis. Standard of Indiana was quick to bring suit—and win—on the ground that the New Jersey company's brand name, "Esso," was confusingly similar to the "SO" trademark already owned by the Indiana company.

Where They Operate—Sales territories of the various Standard Oil firms which sell to consumers are

pretty well defined. Standard of Jersey operates in the middle atlantic states, Tennessee, Arkansas, and Louisiana; Standard of Ohio in that state alone; Standard of Indiana through the Midwes. and into the Rocky Mountain states; Standard of Kentucky in that state and south-eastern states; California along the Pacific Coast and into the Southwest. Each has its own brand names for products.

To add to the confusion, some of these concerns have subsidiaries named "Standard Oil." Thus Standard of California has Standards of Texas, Washington, Arizona, Idaho, Oregon, and Utah. Some also have subsidiaries with names other than "Standard" which operate in areas served by a different Standard Oil. Thus Carter Oil Co., Standard of Jersey subsidiary, has stations in Montana-Wyoming, which Standard of Indiana also serves; and Standard of Indiana has its American Oil Co. operating in some areas served by Standard of Jersey.

Distribution Widened—Standard Oil of New York relieved itself of public confusion on this score in 1931 when it merged with Vacuum Oil Co., and the combined firm's name was changed to Socony-Vacuum Oil Co. Thereupon it was able to achieve national distribution, using Vacuum's Mobiloil and Mobilgas brand names, without fear of infringing on any Standard Oil company's trade name.

to industry which consumed 6 to 8 in the average prewar car—are threatened with a shortage and are turning silver-lead as a backstop in case they really are pinched for tin.

Imports Fall Off—Complicating the situation, imports of silver have fallen. In 1944 and the first half of 1945, foreign metal contributed only about one-third as much to our total supply as it did in the years immediately prior to U.S. entry into the war. Here, in a nutshell, is the supply picture (in thousands of troy ounces, 000 omitted):

	Domestic Output	Imports	Total Supply
1941	69,128	63,337	132,465
1942	54,486	59,966	114,452
1943	44,812	51,295	96,107
1944	37,370	39,341	76,711
1945 (6 mo.)	15,191	18,866	34,057

Factors—The decline in imports reflects a variety of factors. There has been increased monetary use abroad.

People in silver-currency countries have bid up prices sharply in an effort to get out of paper into metal. And, in general, American demand for foreign metal during the war wasn't too avid, partly because of restrictions on its uses.

On the domestic side of the picture, production has fallen way off. Silver in this country is extracted from ores mined primarily for their lead and zinc and copper content, and output of these mines has been falling steadily because they lack manpower.

Treasury's Loans—During the war, vital industries relied on the Treasury for silver to replace other metals, notably copper in electrical installations. About 400,000,000 oz. have been lent under this program (not a little to the "Manhattan Project" plants which produced the atomic bomb).

Now the Treasury flow will be reversed. Uncle Sam's monetary stocks

The unusual in Springs

is not unusual at Muehlhausen



Muehlhausen has provided the answers to many challenging spring

problems—at a speed in keeping with war-time demands. Unusual spring requirements have been successfully met with unusual spring designs—whether a tiny compression spring that will be flexed a hundred times a minute; or a large, hot-formed spring that must withstand extreme variations in operating temperatures.

This ability to produce unusual springs has permitted greater latitude in designing war products now, and will enable engineers to plan, with greater freedom, the products of tomorrow.

MUEHLHAUSEN SPRING CORPORATION
Division of Standard Steel Spring Company
775 Michigan Avenue, Logansport, Ind.

MUEHLHAUSEN SPRINGS

EVERY TYPE AND SIZE

THE FUR WILL FLY!



The "seller's market" is likely to evaporate, postwar, more rapidly than management in some quarters fondly believes.

With the passing of the honeymoon, competition will rear its head, and the scuffle for markets will be on in earnest.

Operating at a profit again will involve strict concepts of efficiency. New, compact, York-Heat industrial oil-fired equipment . . . the finest Horizontal Rotary Oil-Burners and Boiler-Burner Units available today . . . will supply that efficiency, with notable savings in space, and in fuel and maintenance costs.

Our Sales Engineering Staff is at your service, for helpful consultation, or the effective tailoring of York-Heat oil-fired equipment into your plans.

YORK-HEAT

Division of YORK-SHIPLEY, Inc., YORK, Pa.
Member Oil Heat Institute of America

BUY BONDS AND HOLD
THEM TILL MATURITY

DOES YOUR *New* PRODUCT REQUIRE A SPECIAL APPLICATION FRACTIONAL HORSEPOWER *Motor?*

If so, our many years' experience designing and building small motors for thousands of applications may prove valuable to your engineering department.

In order to realize the full benefits of special application, be sure to consider the motor in the early stages of product development.



Compact motor particularly suitable for business machines.

THE LAMB ELECTRIC COMPANY • Kent, Ohio

Lamb Electric
Black & Decker Electric
SPECIAL APPLICATION MOTORS
FRACTIONAL HORSEPOWER

couldn't be sold under the law; they were just lent for uses in which they would not be actually consumed. As individual situations permit, plants which have been the beneficiaries of this plan will pay back with the actual metal lent them or in kind. The metal trust can only guess as to how fast this can be accomplished.

• For Monetization—Aside from the silver out on loan, the Treasury owns 300,000,000 oz. or thereabouts. The plan proposes "gradually" to monetize.

The monetizing process will be at the statutory value of \$1.29 an oz. The 300,000,000 oz. of silver (acquired at various prices, mostly below 77¢ an oz.) will be turned into backing for paper money—silver certificates—with a face value of something like \$385,000,000.

• Sole Buyer?—Presumably domestic production will pick up after reconstruction has been completed. The metal trade wonders if the Treasury then will once more become the sole buyer of U.S.-mined metal or, if demand still remains high, whether the authorities will remove the ceiling on foreign metal, allowing its market price to work its way to the point where the product of foreign mines will be competitive.

EXPAND DENVER HOLDINGS

The confidence of Webb & Knapp, New York realtors, in the future of Denver, Colo. (BW—Sep. 1 '45, p. 36), was further evidenced last week when the firm purchased two downtown Denver buildings. The purchase price was not announced, but the assessed valuation on the two properties—the Paramount Bldg. and the adjoining Kittredge Bldg.—is in excess of \$800,000.

The Kittredge Bldg., erected in 1888, will be replaced by a modern commercial building comparable in cost and architecture to the structures the company plans to erect on nearby Commerce Square. The Paramount Bldg., which houses the Paramount Theater, will not be razed. The theater will be continued in operation and the building will be improved.

PEACETIME JOB FOR LCI

Many a piece of wartime equipment will find a peace job to perform.

On Lake Timagani, in northern Ontario, the Timagani Navigation Co. has put an LCI (Landing Craft Infantry) to work hauling freight.

The twin-prop barge, with landing apron in the bow, is capable of handling 60 tons of cargo. It travels 12 m.p.h. and heavy freight, such as lumber, cement, and oil drums, is readily loaded and unloaded at points around the lake where docks are lacking.

Quiz Question: "What is Multilith?"

PRODUCTION MANAGER:

"We use it on production orders and 'short lists.' Engineering uses it, too, for change notices."

PRESIDENT:

"I use Multilith for confidential reports, operation records, and notices to stockholders."

SALES MANAGER:

"Multilith? Why that's the way I keep in contact with our field organization—with quota records, market analyses, price lists and bulletins."

OFFICE MANAGER:

"Multilith? Why that's used on our orders and billing—on shipping too!"

SECRETARY:

"Well, I use Multilith for form letters, instruction sheets, and inter-departmental communications. It saves us hours, every day."

EVERY one of these Multilith users is right — as far as his own experience goes. But these are only a few of the answers. Multilith duplicating is being used in countless ways, to provide businesses, large and small, with systems that save precious time, lighten work, and improve accuracy.

Let a Multigraph man show you how Multigraph-Multilith duplicating can increase efficiency, cut costs, and speed up operations in many different departments of your office or factory. Phone our nearby office, or write Methods Department, Addressograph-Multigraph Corporation, Cleveland 17, Ohio.

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SIMPLIFIED BUSINESS METHODS

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Time's Turning

Reconverting from war instruments, U. S. watchmakers still have their old Swiss competitors to reckon with.

Most industries start reconversion behind a comfortable bulwark of piled-up demand, free from any immediate threat of foreign rivalry. But the watch manufacturers, having been completely immersed in production of delicate war instruments, find themselves up against entrenched Swiss competition which monopolized the American market for the last two years. However, neither camp is wasting much energy in by-gones because present demand is potent enough to keep both busy.

• **Back to Peacetime Lines**—Clock manufacturers are involved also, since many of these companies make cheap watches. The watch industry has swung back to its peacetime lines, and one company notified the trade last week that deliveries in volume could be expected within six months of the end of hostilities. Some of the companies had movements in process when mobilized for the war effort, and these will be the first to reach the jewelers' counters.

Domestic watchmakers were not too busy this summer to organize a cooperative squawk against the extension of the reciprocal tariff act. It passed, but there has been no hara-kiri among watch executives as a result.

• **Old Rates Continue**—Tariff rates on watches have not been changed. Indeed, the Watch Importers Assn. went on record with a request that the old rates be maintained, contending that there was a satisfactory balance between Swiss and domestic manufacturers which should not be disturbed.

A large percentage of imports had been requisitioned for the military. Last week the War Production Board announced that distribution controls are off, that importers may now sell Swiss movements and watches in normal trade channels, subject only to the requirement that they fill the rated orders that are still required by the armed services. This is a logical followup to the removal of hobbles from the domestic industry.

• **Swiss Competition**—The threat of foreign competition hangs heavy over the question of postwar prices. Proponents of reciprocal trade contend that the watch and clock industry has shown plenty of vitality, that the government has no intention of reducing tariffs to a destructive point, that the manufacturers hanker for more protection than they actually need.

While the watch and clock industry generally opposes tariff cuts, it is the section which clashes directly with Swiss imports that is most articulate. This group includes not only the makers of jeweled watches (such as Hamilton, Elgin, Waltham) but also producers of nonjeweled watches with which the cheaper Swiss jeweled movements compete.

Strong protest was made against extension of reciprocity which authorizes the President to reduce present tariffs 50%, or a possible total of 75% under the 1934 rates. The group making this fight consisted of the watch companies named in addition to Bulova (which makes movements here and also imports from Switzerland), United States Time Corp. (which makes the Ingersoll line), Ingraham, New Haven Clock Co., General Time Instrument Corp. (Westclox, Seth Thomas, Stromberg Time).

• **Wide Variance in Costs**—The American watch industry contends that while it was converted wholly to war output, its home market was turned over to the Swiss. It is charged that the Germans, in return for Swiss production of delicate war instruments, allowed the Swiss to export to the U. S. through France and Spain. Imports from Switzerland already were rising, had reached 4,044,000 units in 1941, a year during which American companies sold 2,680,000 jeweled watches. By 1943 American production was out entirely and Swiss imports had risen to 8,000,000. Last year's figure was almost as high.

American wages are two-and-one-half times those paid for comparable work in Switzerland. (An American receives much for an eight-hour day as his competitor, who makes cheap clocks gets in a 60-hour week.) This comparison, coupled with the fact that labor is 70% to 90% of a watch's cost, explains how the Swiss can pay a \$2 dollar and deliver for \$5.50 a 17-jewel movement that costs an American manufacturer \$9.50.

• **Quota Plan System**—U. S. manufacturers refuse to believe that the government can afford to allow so vital war industry to perish. They think they may be given quota restrictions on imports if tariff cuts get too sharp. In the argument over tariff-reducing power, Gruen, Longines-Wittnauer, Benetton, Movada, and other importers of Swiss movements maintained a discreet silence.

Wages being what they are, the American industry sees little immediate hope for a return to such price staples as the dollar alarm clock, the dollar pocket watch, or the \$1.50 wrist watch. A typical watchmaker who got 75¢ an hour prewar is now making \$1.25. Labor costs since Pearl Harbor have risen 30% or more.

The industry denies that such costs can be materially offset by better techniques developed under war stress. For one thing, the companies were working on products foreign to their commercial lines and for another, finger skills are the principal element in this type of manufacture.



FABRIC FROM FINE FEATHERS

B. H. Foster, manager of United States Rubber Co.'s research laboratories at Passaic, N. J., holds a lapful of chicken feathers (left) which will be converted into a yarn (right) that yields a fabric like wool, only softer and lighter, for tomorrow's wearing apparel. A mixture of fine feathers and other fibers, the material is still in the experimental stage. It can be dyed any color, it is said, and it is also reported to launder with a minimum of shrinkage.

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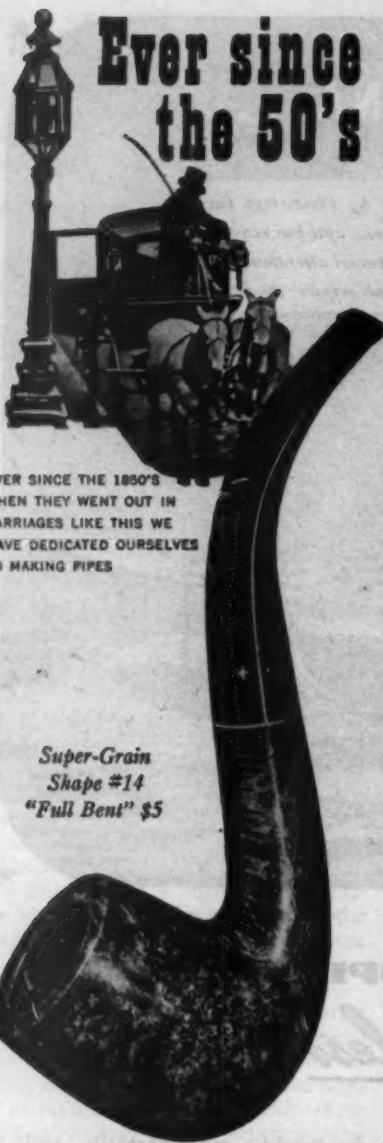


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work. If such improvements developed, the watch and clock people contend that their traditional progressiveness would insure prompt adoption. The clock industry developed interchangeable parts, the key to modern mass production, at about the same time as did Eli Whitney of cotton-gin fame. The dollar watch was another revolutionary innovation.

• **To Study New Metals**—There will be few startling changes in immediate horological design. War pressures have not allowed the long periods of test and consumer trial such innovations entail. Like the automobile industry, the watch and clock manufacturers will stick pretty close to prewar styles in their initial consumer offerings. They are interested in the possibilities of aluminum and magnesium. Plastics probably will be more widely used for cases and dials.

There are some new designs. One is Telechron's "Selector" electric alarm clock, which wakes the sleeper with radio music, turns on the radio for selected programs, performs other evening

chores up to but not including ouster of the cat. In the watch field a newcomer is Gruen's new wrist model with a 24-hour dial, a bow in the design of servicemen who have been trained in this kind of time interpretation.

Minifilms Abroad

M-G-M distribution agency will copy 35mm. features on 16mm. stock for use in remote hamlets of foreign countries.

To increase distribution of its pictures in foreign markets, Loew's International, foreign distribution agency for Metro-Goldwyn-Mayer pictures, plans to make 16mm. prints of its pictures for out-of-the-way villages in foreign lands.

• **Crosses Hays Policy**—In making the move, Loew's becomes the first of the



HAYMAKERS GET A BIG LIFT

At Oklahoma Agricultural & Mechanical College's recent Farm and Home Week, in Stillwater, Okla., a glorified "go-devil" (above) for scooping up a load of hay at a time proved an attraction to farmer-visitors. The long-pronged device, operated by a simple lever, hooks onto the front of an ordinary farm tractor. Made by Hiatt Equipment Co. of Gallatin, Mo., it is designed primarily for use in lifting and stacking hay, but it is also handy with dirt and manure. Price was not stated, but estimates put it at about \$150.

PLAYBOY!



o, Mr. Tredgold is not in his second childhood. He's a normal American adult who can't keep his hands off a toy train.

The fascination that these playthings have for Americans young and old is significant. It has resulted from interest in the mighty and efficient transportation system that crisscrosses our land.

We're seeing the vital part of railways in war. Troops and essential materials, speeding to their destinations, speed the hour of victory.

No time for delay between trips! Cars, locomotives and tenders must be put in shape to go on the road again as quickly as possible. This calls for maintenance and "backshop" cleaners that give fast and effective service day after day. And Wyandotte Chemicals Corporation is ready to meet this demand with Wyandotte Railway Cleaning Products. These *specialized* cleaners make short work of grit and soot, grease and carbon, oil and dirt deposits.

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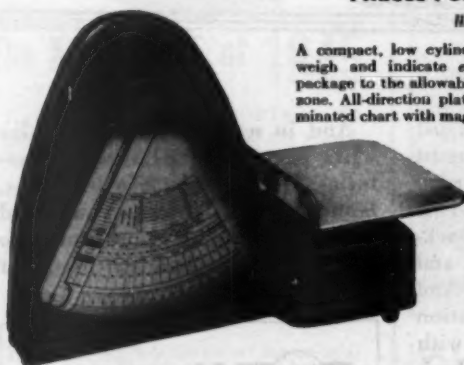
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These highly sensitive USPM Mailroom Scales can save you as much as 10% of your postage costs! They pay for themselves many times over because they tell you exactly how much postage your packages and letters require. Excess postage payments are eliminated. The annoyances of postage-due mail are prevented. Deliveries are expedited. Customer goodwill is maintained. Fast, smooth mailroom operation is facilitated. USPM Mailroom Scales are now ready for delivery. Contact our nearest office or write Commercial Controls Corporation, Rochester 2, N. Y.

PARCEL POST SCALE—MODEL 970

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A compact, low cylinder-type scale especially designed to weigh and indicate exact postage automatically on any package to the allowable limit of 70 pounds to any domestic zone. All-direction platform. Unobstructed, full-length, illuminated chart with magnifying reading lens.



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At Left

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major film companies to break from basic policies of the Motion Picture Producers & Distributors of America (the Hays organization), which ruled against theatrical use of 16mm prints for the past decade. Conventional width of theatrical film is 35mm.

For the time being, the 16mm. print will be restricted by Loew's to distribution outside the United States and Canada. It is likely, however, that the company will later make the reduced print available in this country to spread film entertainment to small towns (estimated run as high as 5,000) that cannot support the standard 35mm. theater equipment and costs.

• **Surveys Made**—Two dominant factors dictated the move of Loew's International to 16mm. prints for export. Surveys showed that many smaller communities in Africa, Central America, South America, the Middle East, Near East, mid-Europe, and Australia were without film entertainment.

This is largely because of operating costs of 35mm. equipment, and, in many instances, the unavailability of suitable electric power.

• **Fractional Investment**—The 16mm. equipment requires an original investment 25% that of the 35mm. size; light source is either from regulation 110-120-v. power line, or from a small gas line generator. General operating overhead is about 50% less and the 16mm. prints cost 65% less than 35mm.

The 16mm. film is slow-burning and thus wins underwriters' approval for showings without the stringent restrictions and safety factors required for 35mm. This will allow hinterland exhibitors in foreign countries to show films to audiences in small halls not otherwise set up as regulation theaters.

• **Air Express Eyed**—In aiming for wide expansion of foreign distribution through the medium of 16mm. print for smaller communities (large theaters would still be supplied with the standard 35mm. films), executives of Loew's Inc., are cognizant of the wider postal use of air express in international commerce, and its special applicability to film shipments to remote theaters.

A six-reel feature in 35mm. size, including film, reels, and shipping case weighs approximately 55 lb. In contrast, a 16mm. print of the same feature will weigh less than 10 lb.

• **Cutting Costs**—Loew officials figure that shipping costs of films to outlying theaters via air in 16mm. form will be even less than former rail or boat charges for 35mm. size.

Virtually all film companies have been studying the possibilities of the smaller films for commercial theatrical purposes and it is likely that others will follow Loew's lead.

New Issues Viewed Warily

Both the issuers and the underwriters are showing a cautious attitude, partly because of recent ills of that market and partly because of uncertainties produced by the war's end.

Following the spurt in corporate new issues which made July one of the busiest months experienced by security underwriting houses since 1929, August proved a pretty dull affair.

And, in view of the confusion caused by the rapid succession of August events that culminated in a quicker-than-expected Japanese surrender, it was particularly fortunate that no important new security offerings were scheduled during the first half of last month.

• **No Clairvoyance**—That lucky state of affairs, however, was very definitely due to no clairvoyance on the part of underwriters or issuers of new securities. July hadn't proved a month of un-mixed blessings, despite the tremendous amount of new business the underwriting field was called upon to handle. Instead, before the month was many days old, the new issues market had begun to present many serious problems to underwriters and corporate borrowers alike (BW—Aug. 11'45, p. 76).

By mid-July, its basic position had so deteriorated that the Delaware & Hudson R.R. actually drew a blank when it tried to sell at competitive bidding a long-planned \$50,000,000 issue. And even the late-July sale of a record-

breaking \$175,000,000 issue by America's biggest commercial business enterprise, American Telephone & Telegraph, didn't prove an altogether satisfactory operation (BW—Jul. 28'45, p. 86).

• **Acute Indigestion**—Actually, the new issues market entered August suffering from acute indigestion. It was in no shape for some time after its July experience to handle much in the way of important new flotations. And there is still some question in the minds of more than one Wall Street observer as to how substantial its recovery has been.

Largely responsible for the glut of new issues that hit the market in July was the long lull caused by Seventh War Loan drive activity.

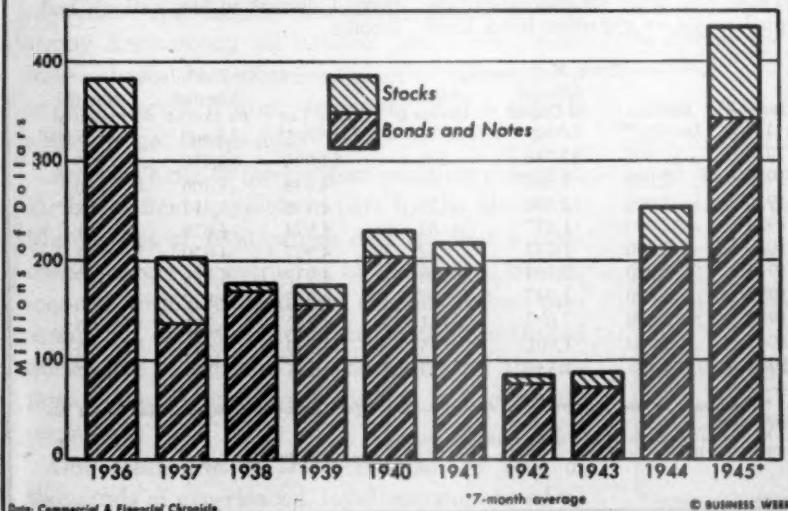
• **Competitive Trimming**—July's flood of offerings, however, was only one of several important reasons for the new issues market's troubles then and since. Equally responsible has been the underwriters' growing practice of trimming their bids to the last hair in too many of the competitive bidding contests in order to take business away from rival banking groups.

Early this year (BW—Apr. 21'45, p. 118) some of the giant life insurance

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companies started to warn underwriters that, despite present easy money conditions, many offerings were becoming undesirable because of their low bids. This was a tip that deserved to be heeded, since the direct buying of that group has long been one of the mainstays of the new issues market.

Underwriters well knew that the life companies' buying programs are much used as a guide by other important investors. No attention, however, was paid to the warning.

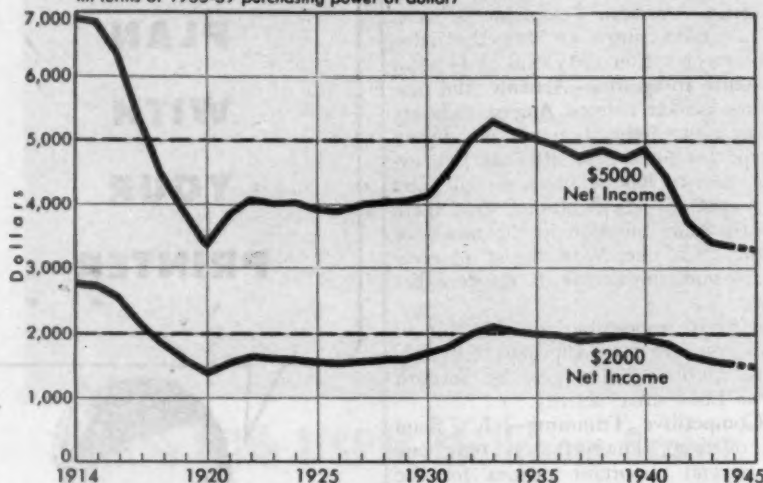
In July, some of the life companies finally began to emphasize their position by giving the cold shoulder to

various offerings that seemed to them far too high-priced.

As a result, some big rail and utility offerings, including three which actually represented about 60% of the total new bonds offered for sale in the first half of July, promptly became very "sticky" affairs. Prices broke badly and

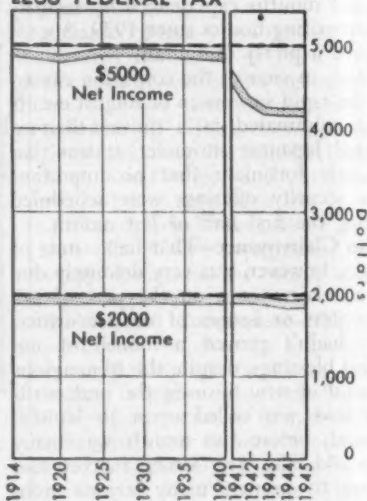
How a Fixed Income Varies

CHANGES IN VALUE OF NET INCOME
(In terms of 1935-39 purchasing power of dollar)



Data: U.S. Treasury Dept.

NET INCOME LESS FEDERAL TAX



© BUSINESS WEEK

Before the war, the real value of an income in terms of its purchasing power was primarily affected by changes in price levels. In the past five years, a second significant factor has been introduced by the increased exactions of the federal income tax.

Rough calculations (table) show the ups and downs experienced by a family of four having a fixed net income of \$2,000. Taking the average purchasing power of the dollar from 1935 to 1939 as 100%, that family's income stood at 139% in 1914. Likewise in terms of the 1935-1939 average, the same income dropped to 70% in 1920, rose to 108% in 1933, and fell to 77% in 1945. Real income of a similar family with a fixed net income of \$5,000 went from 139% of the 1935-1939 average in 1914 to 68% in 1920, and to 67% in 1945.

Relative variations in real income at \$2,000 and at \$5,000 were virtually identical until 1941, when the federal income tax liability began to bear more heavily on the higher income.

These charts suggest how a widely fluctuating price level as well as a shifting pattern of tax rates can affect the real value of a fixed monetary income. Agricultural interests, well aware of these factors, have phrased their requirements in terms of "parity," which is essentially the ratio of dollar receipts to dollar expenditures. Those who press for guaranteed annual wages, on the other hand, have

taken little if any public cognizance of the likely variation in the real value of a fixed income.

Although the real value of the dollar declined between 1914 and 1945, both total national income and per capita income increased over the same period. For this reason, the table cannot be taken to imply an over-all decline in the nation's real income.

Income Year	\$2,000 Net* Income			\$5,000 Net* Income		
	Less Tax Liability**	Adjusted for Cost of Living†	Adjusted Income as % of \$2,000	Less Tax Liability**	Adjusted for Cost of Living†	Adjusted Income as % of \$5,000
1914	\$2,000	\$2,786	139	\$4,990	\$6,950	139
1918	2,000	1,860	93	4,844	4,506	90
1920	2,000	1,396	70	4,896	3,417	68
1924	2,000	1,637	82	4,974	4,070	81
1929	2,000	1,633	82	4,997	4,079	82
1933	2,000	2,165	108	4,932	5,338	107
1937	2,000	1,947	97	4,952	4,822	96
1939	2,000	2,012	101	4,752	4,781	96
1941	2,000	1,901	95	4,729	4,495	90
1945 (est.)	1,955	1,533	77	4,245	3,329	67

* Total cash income less statutory deductions but before personal exemptions and credit for dependents.

** Computed on basis of family with two children.

† Using Bureau of Labor statistics cost-of-living data, 1935-39=100.



Official U. S. Navy Photograph

Will there be a Job for them now that it's over?

Today America has the greatest merchant marine fleet in all her history. From a poor fourth among world powers prior to a decade ago, with many obsolete vessels rusting at anchorage as the clouds of another and deadlier war slowly gathered, to a strong first among all nations just a few years later—that's the miraculous record—achieved by unrelenting hard work, ingenuity, and a superb ability to get things done!

America's rise to the greatest maritime power on earth was made possible in part by the Merchant Marine Act of 1936, which declares that a merchant marine "constructed in the United States, manned with a trained and efficient citizen personnel . . . served and operated under the United States flag by citizens" is "necessary for the national defense and (our) foreign and domestic commerce."

Our great fleet of ships, manned by tens of thousands of experienced, loyal seamen, served us

well in our fight for Victory. But let us remember, now that Victory has been won, that maintenance of a strong, vigorous merchant marine as a vital auxiliary in war, and for the transportation of foreign trade in peace, is of basic importance to the defense and the economy of our country.

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\$37,500,000 General Mortgage 3 $\frac{1}{8}$ % Bonds, Series N, Due January 1, 1990
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Dated July 1, 1945 Interest payable January 1 and July 1 in New York City

*The issue and sale of these Bonds are subject to authorization by the Interstate Commerce Commission
These Bonds will, in the opinion of Counsel, be legal investments for Savings Banks in
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*These Bonds are offered subject to prior sale, when, as and if issued by the Company and accepted by the Purchasers,
subject to authorization by the Interstate Commerce Commission of their issuance and sale, and also subject to the
approval of counsel for the Purchasers. It is expected that Bonds of both Series in temporary form will be ready for
delivery at the office of Halsey, Stuart & Co. Inc., 35 Wall Street, New York 5, N.Y. on or about September 17, 1945.*

August 29, 1945.

in some cases even receded to levels below the actual cost of the issues to the underwriters.

• **Still Pretty Sour**—The weakness seen on occasion in stock and bond trading since then hasn't helped to improve matters. Some of July's "lemons" are still pretty sour pricewise in the over-the-counter market, and recently the best bids obtainable for them were as much as 2 to 4 points under their original offering prices.

The new issues market's recent troubles, moreover, haven't been entirely confined to bonds. Too many preferred stock issues bearing a less-than-\$4 dividend rate have been offered at price levels giving buyers potential yields which a few years ago could have been commanded only by bonds of fairly high-grade investment status.

• **Below the Offering Price**—As a result, some price softness has been disclosed by certain recent share flotations. In fact, over-the-counter bids for more than a few of the late group of new 3 $\frac{1}{2}$ % preferred stock issues are currently as much as \$3.75 to \$4.25 below their original offering price.

Now in registration, or being considered, for offering before the Victory Loan gets under way late next month are a number of big refunding operations.

These include \$160,000,000 additional American Telephone & Telegraph bonds, a \$113,825,000 Consumer Power issue, \$81,600,000 of Union Pacific bonds, \$75,000,000 Southwestern Bell Telephone 2 $\frac{1}{2}$ % debentures, \$56,000,000 Northern Pacific bonds, \$125,000,000 of various Southern Pacific issues, \$38,000,000 of Jersey Central Power & Light financing, \$120,000,000 Pennsylvania Power & Light refunding bonds, and \$32,000,000 Minnesota Power & Light bonds and notes.

• **Watchful Waiting**—Issuer and underwriter alike, however, have adopted an attitude of watchful waiting. Both are cautious at the moment, not only because of the recent ills of the new issues market but also because of the early general uncertainties created by the sudden end of the war.

The new issues market's postwar temper has been only slightly tested since the Pacific victory. In the first testing Monongahela Power Co. offered \$22,000,000 of bonds and 90,000 shares of new preferred stock at competitive bidding and was able to secure prices above 101% of par for 3% and 4.4% stock.

However, in the public sale of these new securities which followed, the underwriters winning the issues were only partially successful. Only the bonds were sold without too much trouble. The preferred stock is reported to have

met with a decidedly luke-warm reception from investors.

• **Great Northern's Bonds**—Last week, the Great Northern Ry. provided another test with 1945's largest piece of rail financing to date. It offered at competitive bidding \$37,500,000 of refunding bonds due in 1990 and a like amount due in 2000.

That occasion brought into the limelight again the customary Morgan, Stanley & Co.-Halsey, Stuart & Co. rivalry. This time the latter won with a "basket" bid of 98.5679% of par for both issues, which named $3\frac{1}{4}\%$ as the coupon rate for them compared with a similar Morgan Stanley bid of 99.10% for $3\frac{1}{4}\%$.

• **And So to the Public**—Halsey Stuart immediately reoffered the bonds to the public. A price of 100 was asked for the 1990 bonds, and 99.35% of par for the $3\frac{1}{4}\%$ of 2000. Within a short time the house was able to announce that the latter issue had been oversubscribed.

This quick closing of the books on the 2000 issue, however, perhaps should not be accorded its normally favorable significance. According to Wall Street gossip, the original demand for such bonds was artificially stimulated by the early decision of one of the big life companies to buy \$2,000,000 of the issue and might have been less satisfactory if subscribers had ever dreamed that at the last minute the life company's bond committee would finally refuse to O.K. the purchase.

• **Nothing Sensational**—Furthermore, even late last week, several days after the issue was originally offered, it was still possible to buy some of the 1990 bonds from the underwriters. Consequently, it is apparent that the whole Great Northern offering, despite the good rating accorded that road's bonds in investment circles, was far from being sensationally successful even though Wall Street is probably right in classifying it as a "satisfactory" operation.

An even greater testing of the new issues market's present receptivity to rail bonds is expected Sept. 12 when Southern Pacific offers its contemplated \$125,000,000 refunding operation for sale at competitive bidding.

• **Pertinent Facts**—Southern Pacific was considered a member of the so-called "marginal" rail group until lush war earnings permitted substantial improvement in finances (BW—Oct. 28 '44, p. 69). Also, it still has 41% junior bonds selling well under par. Wall Street sees a possibility that it may have trouble striking a bargain, especially since its new offering is designed to retire outstanding senior bonds bearing a 4% coupon.



OFFICE BUILDINGS, banks, department stores, theatres, libraries, drug stores, business houses of all kinds—from one end of Main Street to the other—are recognizing the importance of *clean air* in their establishments. Economically, *clean air* is saving millions of dollars annually by reducing building upkeep—more millions in reducing merchandise spoilage. Costly dust, soot and smoke need not be tolerated. Send for the factual booklet shown below—you'll find it helpful in overcoming your dirty air problems. American Air Filter Co., Inc., 387 Central Ave., Louisville 8, Ky. In Canada: Darling Bros., Ltd., Montreal, P. Q.

AAF *Electronic* **AIR FILTRATION**



Of particular interest for

FOOD PRODUCTS • DEPARTMENT STORES • PHARMACEUTICALS
FACTORY AIR CONDITIONING • BACTERIA CONTROL • TEXTILES
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*Today's Tin Shortages
drive home the advantages of
Aluminum Bronze*

... and the extra-long life of
AMPCO METAL
makes it the aluminum bronze
favored by over 2000 users

★ *Remember*
**Aluminum
Bronze**

- is tin free
- is lighter than tin bronze
- is stronger than tin bronze
- is lower-priced than tin bronze
- has higher fatigue and impact values than tin bronze
- has higher compressive strength than tin bronze
- has higher strength at elevated and sub-zero temperatures than tin bronze
- contains only native metals — copper, aluminum, and iron
- is a good bearing alloy

Our national stockpile of tin has dwindled during the war years to the danger point. Engineers therefore have studied with renewed interest the possibility of superseding tin bronzes with other alloys.

Experience proves that aluminum bronze is a superior bronze for most uses where tin bronze has previously been specified.

The leader among aluminum bronzes is Ampco Metal — a special bronze of closely controlled quality, available in six grades of hardness. Ampco Metal lasts several times as long as ordinary bronzes under severe conditions of wear, impact, fatigue, corrosion.

Where lower first cost is essential, Ampcoloy aluminum bronzes provide a complete series of copper-aluminum-iron alloys of stamina and endurance. Better industrial bronzes are being produced by Ampco Metal, Inc.

Many pre-war standards of mechanical performance are obsolete today. Investigate aluminum bronze. Write for bulletins describing these modern alloys and their uses.

AW-18A



... Specialists in
engineering — pro-
duction — finishing
of copper-base
alloy parts.



Ampco Metal, Inc.
Dept. BW-9
Milwaukee 4, Wis.
Ampco Field Offices
in Principal Cities

Omaha Milepost

Public power district is
formed officially to take over
Nebraska Power Co. Opponents
sue to halt further action.

A milepost along the high-line to municipal ownership of the Nebraska Power Co. came last week in official formation of the public power district in Omaha, Neb.

• **Formal Approval**—Organization of the new district is the first step in the acquisition plan developed by the state legislature last spring when seven factions, all favoring public ownership but championing different roads to ownership, agreed to a coalition measure (BW—May 19 '45, p. 38). Formation of the district is authorized under an amendment to the general Nebraska public-ownership law.

Necessary signatures to the petition for formation of the power district actually have been a matter of record for several weeks. Official recognition came Wednesday of last week when a certificate of approval on the signatures was issued by Wardner G. Scott, chief of the Dept. of Roads & Irrigation in Lincoln.

• **To Name Board**—Next step is the appointment of seven directors of the new district by Gov. Dwight Griswold, who said the names would be announced within a fortnight. Five of the new directors are to be from Omaha and two from surrounding territory that is served by the Nebraska Power Co.

Whether the formation of the power district will put an end to the long fight for Omaha public ownership will depend on action taken by the new directors who are empowered to secure the utility either by negotiation or by condemnation.

The present owner of the electric company is the Omaha Electric Committee, Inc., a nonprofit organization temporarily holding the utility until it can be turned over to the proper public agency (BW—Jul. 28 '45, p. 76).

• **New Suit Filed**—Guided by Guy C. Meyers, genial manipulator of utility finance, the committee secured the Nebraska Power Co. in a bold move from the American Light & Power Co., holding-company owner which had been ordered by the Securities & Exchange Commission to dissolve.

No sooner was the new power district announced than another move came from the die-hard opposition which filed suit seeking to enjoin formation of the new district, recognition

from Scott, and appointment of the directors by Gov. Griswold.

Hinted at as a likely backer of the lawsuit is an advertising firm which has long fronted for opponents of public ownership but never shown its hand.

• **Selling Price Criticized**—As always the cry of the opposition is that the price paid by the Omaha Electric Committee—\$45,000,000—is excessive and that damage will result to power users since a rate cut would be prohibitive and the present rate structure must be retained to pay off the debt.

Gov. Griswold countered with a statement that he would proceed with the appointments and at the same time would seek from the state supreme court an opinion as to constitutionality of the power legislation.

• **Refinancing Plan**—Official formation of the power district followed closely after the finale in a series of hearings by the Federal Power Commissioner on Nebraska Power's request for permission to refinance outstanding 6% and 7% preferred stock on a 2½% basis. Attorneys have been notified of a mid-September date for filing briefs.

Utility Marriage

American Power would unify Texas properties in a new holding company. SEC is asked to approve plan.

American Power & Light Co., one of the principal subsidiary holding units through which Electric Bond & Share Co. operates a worldwide public utility holding company system, several years ago was ordered dissolved under authority granted the Securities & Exchange Commission by the Public Utility Holding Co. Act of 1935.

• **Concentration in One State**—This order has since been the subject of litigation, however, and A. P. & L. hopes that the company may finally be permitted to continue in existence if it concentrates all its activities, which now spread over 13 states, in Texas alone.

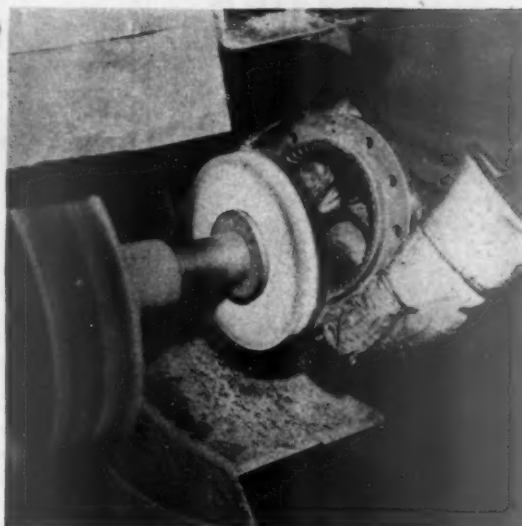
Last December, it made a start on property disposal when it sold its controlling interest in Nebraska Power Co. to a group of Omaha citizens, thereby starting a red-hot controversy (page 68).

• **New Company**—As part of its Texas-concentration plan, last week A. P. & L. applied for SEC permission to form a new Texas holding company subsidiary to be known as Texas-Utilities Co.

For a starter, it is planned that the new company will acquire from Electric Power & Light Co., another Electric



"Open Wide..."



Internal ring gear teeth need polishing too!

A LEADING Detroit automotive manufacturer knows that the way to make motors sit up and behave while they got their gear teeth cleaned is to do the job with Osborn Fascut Sections.

In the illustration above an operator is using this fast-polishing, treated tampico brushing tool to do uniform, thorough work—in a fraction of the time, at a fraction of the cost. Note that by using a brush slightly larger than the gear diameter, no oscillation is necessary, thereby saving still more time.

This is just one of dozens of different Osborn brushing operations done in this one plant alone—which help these fine motors step out and out-perform—on the road, in the sky, on the sea.

In industry after industry, there's hardly a product (or a material!) which cannot be made *better* by the correct use of brushing tools and new brushing techniques developed by Osborn, 50-year pioneer in the field.

Let us show you how *you* can cut costs and get a better-performing, better-looking, better-selling product. We'll send a trained field engineer to make a study of your present or projected operations—without obligation, of course.

THE OSBORN MANUFACTURING COMPANY

5401 Hamilton Avenue

Cleveland, Ohio



IT'S A STRONG-ARM

ECONOMY-TEAM



READY!—The new Jomac Safety Gauntlet-Cuffs which will effect big savings for all users of gauntlet-style industrial gloves.

No longer will it be necessary to purchase gauntlet-gloves, and then discard the entire piece when only the glove wears out. The Jomac Safety Gauntlet-Cuff is a separate piece . . . a sturdy, long-life protector for the worker's forearm.

Jomac Safety Gauntlet-Cuffs and Jomac Gloves . . . an unbeatable economy-team! Write for details. C. Walker Jones Co., Philadelphia 38, Pennsylvania.



JOMAC

Safety Gauntlet-Cuffs

By the Makers of the famous JOMAC Industrial Gloves

THREE TYPES OF JOMAC GLOVES

- Regular Industrial Type
- Heat- and Flame-Resisting
- Safety Gauntlet-Cuffs

Banking's Billion-Dollar Club Is Growing

Commercial banks able to boast billion-dollar deposits totaled 16 on June 30, 1945, one more than at the end of 1944 and three more than at the end of 1943, according to statistics compiled by the American Banker. This represents a new membership high for the Billion-Dollar Club. In mid-1945, the group could account for \$37,000,000,000, or 25% of all the \$147,000,000,000-

odd deposits reported by the nation's 13,675 commercial banks.

Even more spectacular, however, has been the 1939-45 growth in the banks reporting deposits in excess of \$100,000,000. That group recently had 175 members, compared with 156 at the 1944 mid-year and only 126 two years ago. Their June 30, 1945, deposits totaled around \$77,000,000,000.

Rank June 30, 1945	Bank	Deposits		Rank Dec. 31, 1945
		June 30, 1945	Dec. 31, 1944	
1	Chase National (N. Y.)	\$4,952,600,000	\$4,835,200,000	1
2	Bank of America (San Francisco)	4,552,600,000	4,340,500,000	2
3	National City (N. Y.)	4,503,100,000	4,205,100,000	3
4	Guaranty Trust (N. Y.)	3,490,900,000	3,441,000,000	4
5	Continental Illinois (Chicago)	2,610,600,000	2,447,700,000	5
6	Manufacturers Trust (N. Y.)	2,145,400,000	1,991,400,000	7
7	First National (Chicago)	2,076,900,000	2,102,600,000	6
8	Central Hanover (N. Y.)	1,896,700,000	1,800,900,000	8
9	Bankers Trust (N. Y.)	1,806,300,000	1,726,100,000	9
10	First National (Boston)	1,549,900,000	1,394,100,000	11
11	Chemical (N. Y.)	1,486,500,000	1,398,800,000	10
12	Security-First (Los Angeles)	1,440,400,000	1,340,700,000	12
13	National Bank of Detroit	1,250,500,000	1,246,000,500	13
14	Irving Trust (N. Y.)	1,190,500,000	1,141,000,000	14
15	First National (N. Y.)	1,152,000,000	983,700,000	16
16	Bank of the Manhattan Co. (N. Y.)	1,147,900,000	1,104,700,000	15

Bond & Share holding unit, all of E. P. & L. Co.'s 91% common stock interest in Dallas Power & Light Co. and subsequently take over American Power's controlling stock interest in both the Texas Power & Light Co. and Texas Electric Service Co.

For the Dallas P. & L. stock, Texas Utilities would pay Electric P. & L. \$17,350,000 in cash and at the same time it would offer to buy the similar shares publicly outstanding at \$69.84 a share. To finance this transaction, A. P. & L. has agreed to furnish all funds needed, and to take stock of the new company in return for such advances and the Texas P. & L. Co. and Texas Electric Service properties.

• **Stock for Texans**—When these steps have been completed, the new Texas Utilities Co. would then acquire A. P. & L.'s Texas Public Utilities Corp. Also, it would make a second purchase from Electric P. & L. and buy the latter's present controlling stock interest in the Dallas Railway & Terminal Co.

One unique feature of the plan provides that Texas Utilities Co. would offer a special "class T" stock solely to Texas residents for working capital and funds for the proposed purchase of the Dallas Railway & Terminal property.

P. S.

New York City's 23-member bank credit pool, which has \$101,000,000 available for small business loans (BW-Aug.25'45,p83), recently completed its first lending operation. A New Jersey food processor sought \$100,000 from a small Jersey bank which found itself able to handle only \$15,000 of the loan and called on the pool to supply the rest. . . . Wall Streeters following the situation closely expect very soon a favorable Interstate Commerce Commission decision on the Gulf, Mobile & Ohio-Alton R.R. unification case (BW-Apr.26'45,p74) and are confident that the proposed Great Lakes-to-the-Gulf system will be able to start operations by Jan. 1. . . . Fire losses (BW-Mar.24'45,p76) have continued to show a persistent uptrend thus far in 1945. July losses, although slightly lower than the figures of the preceding month, ran 4% above levels of a year ago and were the highest reported in any July since 1930. Losses in the first seven months of 1945 totaled \$267,445,000, 8% more than in the same 1944 months, and 24% higher than fire losses in the seven-month January-July period in 1943.



BIGGEST TRUCK USER IN THE WORLD

He's THE BIGGEST truck user in the world—the American farmer. More than one-third of all the country's motor trucks are on the farms—double the number used in any other industry. And the trucks he's using today are old. He's had mighty few new ones for five years.

But what a *war* job the American farmer has been doing to feed America's fighters and her allies—to feed the world. For eight years in a row American farmers have broken all food production records.

With millions of farm men and boys off to war and industry, and with less than one-fourth the new farm machinery of pre-war years, the men, women and children left on our farms have produced the greatest crops in history. And they've got the food to market by keeping their old trucks running.

Our hats are off to the American farmer!

We're proud that the dependable, economical operation of rugged International Trucks has contributed to the farmer's unparalleled job.

We're proud, too, that International Service (the nation's largest company-owned truck service organization) has helped to keep the farmer's trucks rolling.

INTERNATIONAL HARVESTER COMPANY

180 North Michigan Avenue

Chicago 1, Illinois



NEW TRUCKS: The government has authorized the manufacture of a limited quantity of light, medium and heavy-duty International Trucks for essential civilian hauling.

SERVICE: Many operators will have to wait for trucks. Maintenance of existing vehicles is just as important today as before VE Day. Therefore—be sure your trucks get top maintenance and service at International Truck Dealers and Branches.

Buy MORE War Bonds and KEEP Them



INTERNATIONAL Trucks

PRODUCTION

Wool Felt Weathers a War

Industry, taking reconversion in its stride, realizes that many wartime applications were temporary but knows others will continue. Aviation will remain an important user of product.

Reconversion means increased, rather than decreased, production for the versatile wool felt industry.

Cancellation of war contracts for felt gaskets and other components based on the nonwoven textile (used in every airplane, military tank, truck, boat, or ship that served the armed forces) only releases capacity to produce the 6 lb. or more of felt demanded by every automotive vehicle produced for civilians.

• **Into Fireside Slippers**—Felt sheeting that might have lined the trousers and warmed the shanks of armored troops in the chill regions of northeastern Asia will simply go into fireside slippers and poker table covers for the home front.

The industry has been through so many wars and reconversions that its executives approach the return of peacetime business with few qualms. New uses for felt have been found during every modern war. Some of the uses have always carried over into every ensuing peace as additions to normal civilian requirements.

• **Capacity Isn't a Problem**—There might be an executive problem in determining the amount of extra capacity required for the new uses developed during this war, but there isn't. Large as military requirements for felt proved to be (and they have not yet been officially totaled), the production of "felt goods, wool, hair, and jute (except woven felts and hat bodies and hats)" in no year of the war exceeded the 1939 figures of the U. S. Census of Manufacturers, which reported an aggregate output of 115,822,171 lb. with a value of \$22,818,578.

The Felt Assn. reports that production during 1943 and 1944 even fell off slightly, probably due to labor shortages and transportation difficulties in obtaining raw wool.

• **Enough for All**—Since there was some expansion of physical plant capacity to take care of certain specialized felting requirements, industry spokesmen believe there will be sufficient capacity for all immediately ascertainable demands.

Whether felt is to be used for warmth, resilience, vibration absorption, wear resistance, liquid resistance, liquid permeability, acoustic insulation, or just plain

decoration, it is all one to the industry because it is practically all turned out on the same types of equipment (BW—May 9 '42, p. 66).

• **Without Illusions**—The executives of American Felt, Bacon Felt, Felters Co., James H. Rhodes, Western Felt, and all the rest of the dozen or more outstanding producers would, of course, like to feel that felt replacements for cork and rubber would carry over from war into peace. But they, along with the executives of Booth Felt and other cutters and fabricators, have no illusions on that score.

They have reason to believe that practically all gains of felt over competitive materials in aircraft construction are as permanent as anything can be in a changing technology. Their material was selected by the engineers of an industry that had high enough priorities

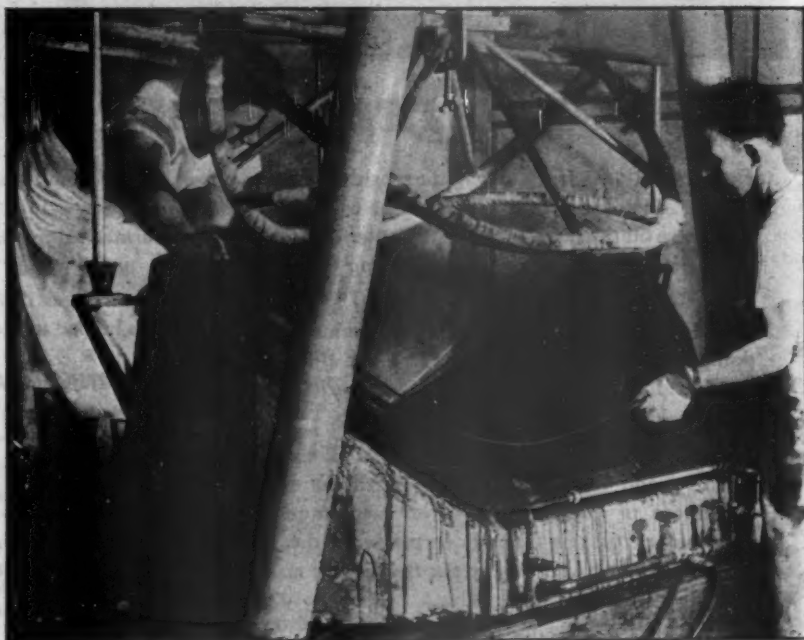
to demand almost anything and get it.

• **Where Used in Aircraft**—A continuing, if reduced, outlet for felt is anticipated in the shutter seals for airplane supercharger ducts, the combination packing and lubrication carriers for hydraulic cylinders on retractable landing gears, the vibration-absorbing cleats and pads for protecting and carrying airplane plumbing (hydraulic lines, wiring, push-pull controls, whatever), wick-fed lubricators for auxiliary equipment of various kinds, and seals for ball bearings.

If transparent plastic blisters are to be continued on planes and extended to automobiles, as some designers predict, it is thought that felt will be the essential medium for drawing them to shape (illustration, below).

• **To Precise Shape**—No other known material combines its lack of scratchiness and its high resistance to the effects of oily drawing compounds with its permeability to air and other gases—the latter quality permitting the application of a vacuum to draw the blister to precise shape in its forming die.

Felt mats that have substituted for rubber in producing stereotype matrices for wartime newspapers may succumb to the nostalgia factor that causes many a workman to demand a return to original, familiar materials even though a replacement may be doing or improving the job. Felt filters, however, used in new systems for clarifying fruit syrups,



A vacuum process, developed by Swedlow Aeroplastics for forming transparent plastic airplane blisters, utilizes a die lined with felt which is porous enough for air to be withdrawn through it, sucking a sheet of preheated, softened plastic to the die's contours without impairing optical properties. A ram-powered, padded frame seals the sheet to the die during processing.

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"See-ability" (the *right* light in the *right* place) can make light of *many* office difficulties. For with See-ability, eyestrain caused by poor lighting is eliminated, and with it the usual brakes on efficiency—low morale, fatigue, slowness and errors. *But—*

No lighting system is one whit better than its lamps.

That's why more and more offices (and factories and stores) are getting *Westinghouse* lamps . . . for Westinghouse keeps all materials under complete and continuous

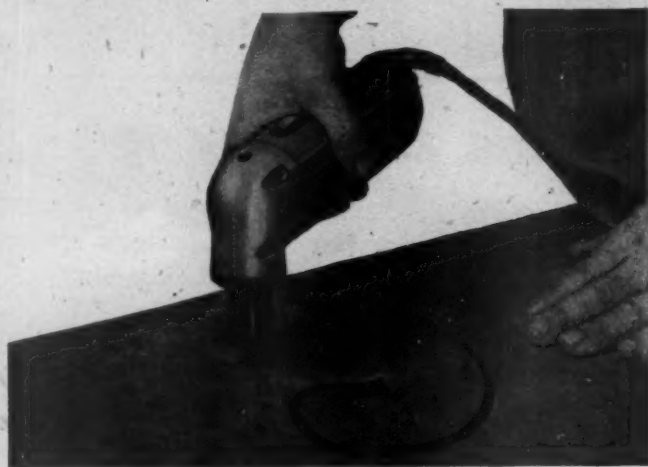
control from virgin ore to finished product . . . determines *micro-accurately* the thickness of a filament or the purity of a phosphor coating . . . manages to maintain its hair-splitting standards *all the time!*

That's why Westinghouse lamps stay so bright so long.

That's why it will pay *you* to insist on *Westinghouse* lamps—for better See-ability! Westinghouse Electric Corporation, Plants in 25 Cities, Offices Everywhere. Lamp Division, Bloomfield, N. J.

Westinghouse Lamps

FOR SEE-ABILITY



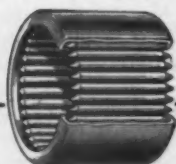
Torrington Needle Bearings Help Increase Performance of Portable Electric Tools

Portable tools must be lightweight and compact, yet engineered to stand up to long and hard usage. That's why you find so many moving parts of such tools... the gears of the widely-used "SkilNibbler" you see above, for instance... turning on Torrington Needle Bearings.

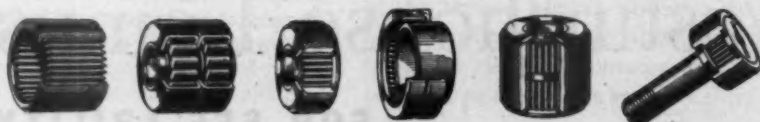
"We've used Torrington Needle Bearings in our 'SkilTools' for nine years," writes Vice President E. W. Ristau. "We like their high load capacity, their small size and light weight, their ease of lubrication and maintenance, their low cost, and their excellent anti-friction performance."

Would your products profit by such low-cost and efficient anti-friction performance? Our new Torrington Needle Bearing Catalog 32 shows types, sizes and wide range of proved-in-use applications. Why not write for a copy today?

THE TORRINGTON COMPANY
Established 1866 • TORRINGTON, CONN. • SOUTH BEND 21, IND.
New York Boston Philadelphia Detroit Cleveland Seattle
San Francisco Chicago Los Angeles Toronto London, England



TORRINGTON NEEDLE BEARINGS



Douglas Aircraft is experimenting with felt sheeting as upholstery material for passenger airplane seats.

electroplating chemicals, photographic emulsions, and other liquids are regarded as here to stay.

• **For Refrigeration**—Plastic-coated tubes of laminated felt slipped over metal tubes and pipes have proved so successful as preventives of frosting in military ice-making machines that they have an excellent chance of being adopted widely for civilian refrigeration. Felt pads substituting for natural bristles in paint brushes have done yeoman service but will probably become wartime memories.

Right now there is an accelerating demand among interior decorators, which may or may not continue, for the finer softer grades of felt sheeting as replacements for damasks, broadcloths, and other scarce materials normally used in furniture upholstery coverings and window hangings. Such chair coverings are already proving so resistant to soil, wear and general musing that at least one aircraft manufacture is trying out felt as a covering for the seats in its airplanes.

SUBCONTRACTORS UNITE

A National Assn. of Subcontractors and Material Dealers, Inc., has been chartered in Houston and the first local chapter formed in what is expected to be a nationwide organization.

R. F. Olsen, president of this new trade group and head of the Basen Steel Works, Houston, said that the organization would not conflict with existing industry groups (such as plumbing, heating, roofing, material retailing) nor with the Associated General Contractors' national organization.

The National Assn. of Subcontractors will promote standardization of wages, contract forms, and practices.

New G. M. Engine

Radial-type powerplant for medium-size private plane develops 200 hp. Tie-up with Bendix craft is possibility.

For several years there has been widespread speculation over whether General Motors Corp. would enter a new field—manufacturing engines for personal planes. The apparent answer was given this week in the company's announcement of the development of a 200-hp. powerplant.

Buick Studies Market—It was no secret that G.M. was testing the engine. It has been flying over Detroit regularly for many months. Of far greater interest is the fact that the builder of high-power Allison liquid-cooled engines now has a stablemate in the medium-size private plane field.

Buick has been assigned the job of studying market potentials and production methods. G.M. feeling was that the corporation's second largest passenger car builder, bulwarked by its experience in making Pratt & Whitney engines during the war, was the logical nominee for the project. If production begins, likely will be at Flint, although acquisition by Buick of the giant wartime Melrose Park plant near Chicago, being discussed, could shift the locale.

Bendix Tie-Up?—The engine might become the nucleus of a brand-new private plane, built by Bendix Aviation Corp. Bendix has for some time been considering the idea of a private aircraft in the medium-power range, and has definitely been hoping that the G.M. powerplant would be available. The close corporate tie between the companies could mean that announcement of the engine forecasts ultimate production of the Bendix plane.

The new engine achieves considerable economy of weight and size by operating on the two-cycle principle. There are no valves, their function being performed by the pistons themselves. A four-cylinder radial type, it uses a supercharging blower to increase performance and power reserve.

Power Increased—The trial plane installation for the engine originally housed an engine of about 150 hp. With output stepped up a third, and without weight or size changed significantly, the plane's performance has amazed Detroit airport onlookers.

Dry weight is 275 lb., and piston displacement is only 250 cu. in., the size of an auto engine. Diameter is 35 in. using 91-octane fuel; consumption is about 13 gal. per hour.



"LAND LEGS" OF PBM "MARINER" PIVOT ON TORRINGTON BEARINGS



In order to step ashore safely, seaplanes require sturdy and free-moving "land legs" or beaching gear.

For the beaching gear of their famous sub-killer and transport, the PBM Mariner, Glenn L. Martin engineers specify rugged, corrosion resistant Torrington Ball Thrust Bearings.

Only 16" across, and containing balls of only $\frac{3}{4}$ " diameter, these modern *anti-friction* bearings easily carry the full weight of the ship, enabling the wheels to pivot beneath it like giant casters. Balls and bearing races of stainless steel assure freedom from corrosion due to salt water.

The beaching gear of the giant Martin "Mars" also uses special $3\frac{1}{8}$ " diameter Torrington Ball Thrust Bearings.

Torrington's Bantam Bearings Division specializes in the design and construction of bearings to meet heavy-duty requirements. If you have a bearing problem, routine or unusual, our engineers will help you to solve it quickly and efficiently.

THE TORRINGTON COMPANY • BANTAM BEARINGS DIVISION
SOUTH BEND 21, INDIANA

TORRINGTON BEARINGS

STRAIGHT ROLLER • TAPERED ROLLER
NEEDLE • BALL

RELIANCE MOTORS PUT *Punch* IN PELLETIZERS...



Above: Two of a battery of 12 Farrel-Birmingham Pelletizers, each driven by a 75 hp. Reliance Splash-proof A-c. Motor.

It takes a motor with plenty of power, plenty of endurance, plenty of rugged quality all the way through to operate a pelletizer—and here again is where Reliance Motors are proving that they have the stuff for tough jobs.

A pelletizer, in case you haven't met one, is a machine for reducing slabs or sheets of rubber—either natural or synthetic—to free-flowing pellets. These pellets can then be handled by conveyors, conveniently stored and readily processed into finished rubber, all at a substantial labor saving.

Each pelletizer is driven by a 75 hp., 1200 rpm., Splash-proof Reliance A-c. Motor—one of the many Reliance types which are handling unusual and difficult operations in many industries. To find the right Reliance Motor for any application, just call or write the nearest Reliance office.

RELIANCE ELECTRIC & ENGINEERING CO.

1069 Ivanhoe Road  Cleveland 10, Ohio

Birmingham • Boston • Buffalo • Chicago • Cincinnati • Detroit • Greenville • Houston • Kalamazoo
Knoxville • Los Angeles • Minneapolis • New Orleans • New York • Philadelphia • Pittsburgh
Portland, Ore. • Rockford, Ill. • St. Louis • San Francisco • Seattle • Syracuse • Washington, D. C.

RELIANCE^{AC} DC MOTORS

"Motor-Drive is More Than Power"

NEW PRODUCTS

Plastic Magnifier

Comfort and efficiency for workers in occupations and avocations requiring close, eye-taxing work—instrument makers, draftsmen, laboratory technicians, inspectors, stamp collectors, and hobbyists—are the expressed objectives of the American Optical Co., Southbridge, Mass., in bringing out its new AO Berger Loupe. Its lightweight, ventilated, plastic frame, which is adjustable,



able for different facial contours and widths between the eyes, is held in place by an adjustable elastic headband. Precision-ground lenses provide 2.5X magnification.

Automatic Electronic Gage

Originally developed to gage the critical length of the firing pins in ordnance fuses, the new Autotron Model 700 Automatic Electronic Gage is being adapted by the Autotron Co., Danville, Ill., to the inspection of a wide variety of small ceramic, metal, paper, plastic and rubber parts. Although the instrument occupies only 17x23 in. of space on a bench, its scope includes external diameters to tolerances as close as 0.0001 in. Speed of gaging is said to be 3,300 pieces an hour minimum.

Work is fed by hand or hopper, gaging contact being made mechanically by a stylus to which is attached a razor-like flag. An inbuilt, illuminated optical system causes a magnified shadow of the flag to be thrown onto a panel of two electronic tubes. Distance between the tubes, which is adjusted micrometrically, is the tolerance of the dimension being gaged. If the shadow falls within

stipulated range, the part is automatically accepted; if outside, rejected.

Free-Machining Tool Steel

Dunkirk EZ is the name assigned to new free-machining tool steel by the Allegheny Ludlum Steel Corp., Brackenridge, Pa. The material, which will harden to about 65 Rockwell C when quenched from 1,450-1,550 F and may be tempered up to 500 F without softening under 60 Rockwell C, is said to provide from 25% to more than 100% faster machinability in its unhardened condition than competitive tool steels. It is regarded by its producer as having extraordinary possibilities not only in dies, gages, forming rolls, bushings, liners, and bodies for multiple-edge tipped tools, but in parts turned out at high speeds on turret lathes and automatic screw machines.

THINGS TO COME

Wrinkle finishes, which have long protected and decorated the exteriors of cameras, office machines, laboratory instruments, shop tools, toys, and other products too numerous for listing, will also be appearing almost any time now on cloth, paper, felt, and other similar materials. Finishes of the type have always required a cooking operation to bring out their characteristic three-dimensional effects.

A newly developed wrinkle finish, based on synthetic rubber and domestic drying oils, requires no cooking, hence eliminates a manufacturing operation and opens the way to coating flammable materials that do not lend themselves to oven treatment. Wide ranges of colors and wrinkle patterns are predicted.

- The fiery art of flame-cutting two or more identical shapes simultaneously from one or more plates of steel is about to go completely automatic. Instead of a human operator, whose tiresome job is to follow a given pattern with the stylus of a pantograph carrying multiple cutting torches, there will be an electronic scanner. The ingenious device will follow the outlines of a suitable full-scale drawing with a sharp pencil of light, moving around curves and along straight lines, picking up the light's reflection in an electric eye, and guiding the torches with superhuman precision.

"DON'T WORRY —
HE'LL BE BORED BEFORE
THE KELLY IS!"



KELLYS ARE TOUGH!

It isn't literally true that you can't bore the redesigned new Kelly, despite its proven endurance and toughness. But it is literally true that the new Kelly truck tire will give you more advantages that add up to more for your money. The latest in machinery, equipment and methods are all combined to build a tire that lives up to Kelly's 51-year record of dependability. Great demand keeps them scarce, but when you get tires ask for the new Kelly—as fine a tire as can be built.

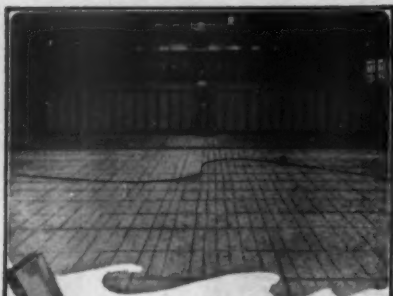
THE KELLY-SPRINGFIELD TIRE COMPANY
Cumberland, Maryland

KELLY

TRUCK TIRES

Proved and Improved for Over Half a Century





One man manufactures 42 tons of ice daily, using Frick semi-automatic equipment.

It's being done every day in the week at the 16th-Street plant of the Polar Ice and Fuel Co., Indianapolis. One combination engineer and tank



Two Frick 8" by 8" Refrigerating Machines Carry the Cooling Load.

man, working one daylight shift, keeps all the machinery running, handles the water treatment, freezes, harvests and scores the ice, and delivers it to the storage.

Operation is so smooth that the same man could produce 50 or 60 tons single-handed, bringing the manufacturing cost of ice to an all-time low.

Such an ice-making system opens a new day in the ice industry, which now suffers, like other businesses, from the man-power shortage. Get full details from the nearest Frick Branch Office, or write direct to



28 Blocks of Ice are Harvested at Once



MARKETING

Cigarettes by the Carton

Big-name brands reappear in plentiful supply as military purchases are halted temporarily. With equipment and more labor available, industry expects to meet increased sales demands.

Smokers who have become accustomed to having their one-pack ration of popular-brand cigarettes slipped to them under the counter now find dealers urging them to buy a carton. Cigarettes have gone from black market scarcity to comparative plenty in the past few weeks.

• **Military Cutback**—The Army, which also acts as purchasing agent for most of the Navy's cigarettes as well as its own, has bought no cigarettes for export overseas since last month and won't be back in the market until December, when purchases will be on a reduced basis. This cutback confirms suspicions,

in the trade and in Washington, that military stockpiles of cigarettes—as other items—have been larger than absolutely necessary.

Earlier, civilians had felt some relief from last spring's cutback in Army buying (BW—May 26 '45, p28). Now the trade thinks that supply and demand may balance out by six months from now, possibly sooner. This should give time for some areas which have been getting the worst of the shortage—due to increases in population or some other reason—to snap back to normal.

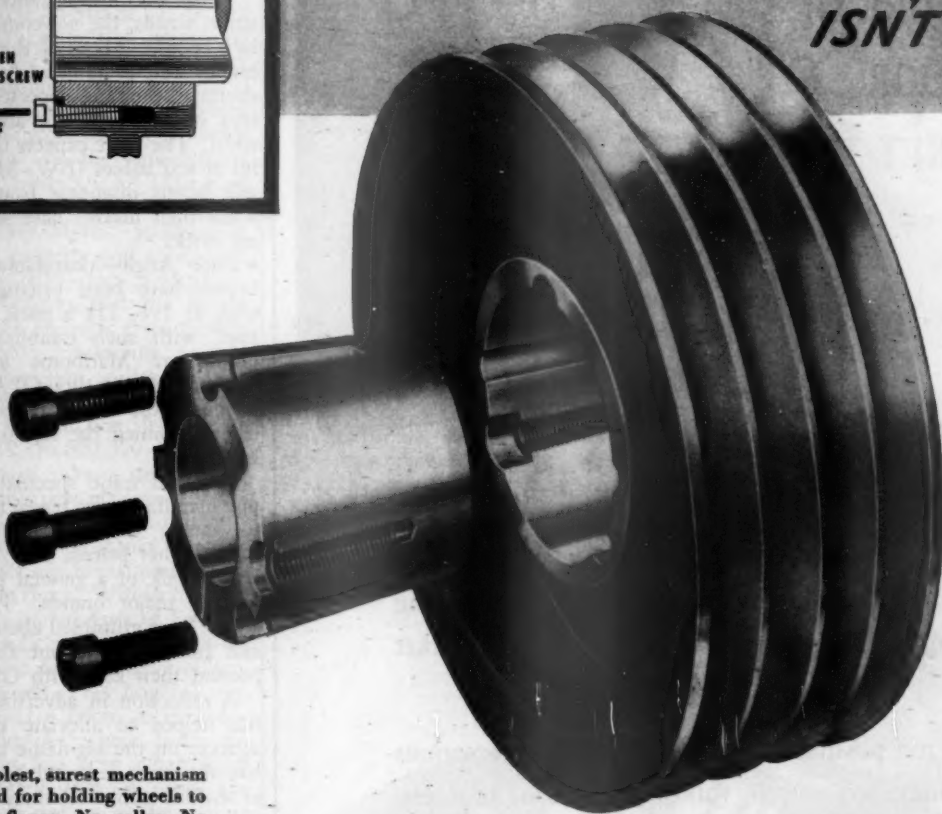
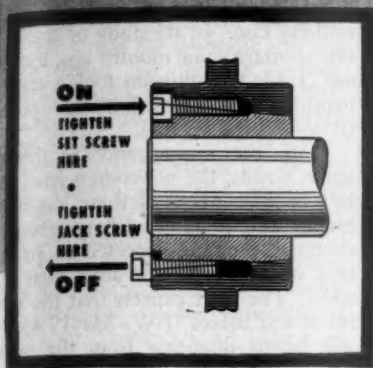
• **Quota Plan Is Criticized**—Cigarette manufacturers claim that their quota



"DREAM SUITE" OF PLASTIC

Plexiglas, transparent, lightweight plastic, went to war in such shapes as plane noses and turrets. Now its developer, Rohm & Haas of Philadelphia, is showing what can be done with it in home construction. At John Wanamaker's Philadelphia store next week a suite of plastic rooms is to be exhibited, one feature of which is a Plexiglas bathroom (above). Its turret-shaped shower stall of etched plastic walls has a semicircular sliding door. Even the handles of the automatic temperature controls are plastic. Concealed lighting takes advantage of the substance's property of "edge-lighting," and concealed plumbing is streamlined for appearance as well as for easy cleaning.

Simple, ISN'T IT?



● The simplest, surest mechanism ever devised for holding wheels to shafts! No flange. No collar. No protruding parts.

● The Taperlock Sheave mounts as a complete unit. Slip it on, line it up and tighten while sighting. It's in place on the first try!

● The bushing is wedged into the sheave by means of set screws—with a firmness equivalent to a shrunk-on fit—whether the shaft is standard or normally undersize.

● The Taperlock runs *true*. The bushing extends the entire length of the hub; it provides a *full* bearing surface.

● Close mountings are made possible. No flange nor collar nor other device is required at either end of the sheave hub.

● The Taperlock "unlocks" with less effort than any other sheave—due to its special taper.

● Taperlock Sheaves will be stocked by Dodge Transmissioners in principal cities—and will be available in ALL stock sizes.

New **TAPER-LOCK** Sheave

Easy on—easy off—locks fast to the shaft! ALL the advantages you've ever dreamed about in a sheave are *here*—in the simplest, quickest acting mechanism ever developed for the purpose!

For full details call your local Dodge Transmissioneer. You'll find his name listed under "Power Transmission Equipment" in your classified telephone directory. Or write

DODGE MANUFACTURING CORPORATION, MISHAWAKA, INDIANA

DODGE

MISHAWAKA



SIGN OF THE DODGE TRANSMISSIONEER
There are 257 Dodge factory graduate Transmissioners, located in principal cities, to show you NEW and BETTER ways of transmitting power. See your local classified telephone directory.



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ne relief
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, 1945

P ICTURE OF A MAJOR MARKET

...which is still
growing!



• Population, income, retail sales, and other figures paint an impressive picture of the California of 1945. More important to business and banking executives everywhere is the fact that this market holds promise of continuing development.

If the possibilities of this market are a serious consideration to you, follow the lead of business, industrial, and banking executives everywhere. Direct your inquiries to this bank which serves California through branches in more than 300 cities and towns—a statewide service which offers many unique advantages. Your inquiries will receive prompt attention.

◀ RESOURCES OVER 4½ BILLION DOLLARS ▶

California's statewide bank

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

Main Offices in the two reserve cities of California... San Francisco - Los Angeles

took account of such factors as population shifts, but some distributors who think they got gypped maintain that quotas were based on prewar sales and nothing else. In its study of the cigarette shortage some months ago, the Federal Trade Commission took a crack at manufacturers' distribution policies (BW—Feb. 17 '45, p. 21).

With the reappearance of the big-name brands, the newcomers have gone into eclipse. Many of these less-known brands were established long before the shortage; they are expected to go back to a small, steady sale after their brief whirl. The trade expects that the handful of war babies (BW—May 19 '45, p. 84) will largely disappear from the market when their makers have sold out existing stocks.

• **Price Angle**—Manufacturers of new brands have been pricing their cigarettes at 19¢, 21¢ a pack, and up—in line with such established "luxury" brands as Marlboros and Virginia Rounds. By the time OPA became suspicious, most of the newcomers had already skimmed the cream off the market.

There is trade speculation that the big manufacturers haven't been averse to having consumers conditioned to these higher prices. But there is little serious talk of a general price increase for the major brands. The big companies have grumbled about rising costs and frozen prices, but they have not pressed their case with OPA.

A reduction in advertising schedules has helped to alleviate the cost-price squeeze on the big-name brands, but it has also been regarded by the industry as sensible public relations in view of its patent inability to sell any more of what it had been so vigorously promoting.

• **More Harm Than Good?**—The big companies have little fear that their civilian sales will suffer permanently to the benefit of the brands which have mushroomed during the war. Few of the war babies have been advertised and trade opinion is that, where there has been such advertising, it has done more harm than good as it merely aroused resentment on the part of smokers who can't get the brand they want.

Cigarette production has been held down by labor, equipment, and tobacco shortages. Within a few months the end of the war should have solved the first two problems. Harvesting is now under way on a 1945 tobacco crop which the Agriculture Dept. estimates at 1,890,000,000 lb., or about 3% below the record 1944 crop of 1,950,000,000 lb. and 36% above the ten-year (1934-43) average.

• **More Burley**—Stocks appear to be holding their own. Stocks of burley have increased in the past year, and stocks

blue-cured have declined only slightly. In relation to cigarette consumption, stocks are way down. At the beginning of 1944, cigarette manufacturers' leaf stocks for domestic use represented about 22 months' supply. Currently, manufacturers' stocks of flue-cured are down to between 14 and 18 months' supply.

Recently Philip Morris & Co. picked up the country's biggest remaining single lot of free tobacco (not under War Food Administration allocation) of 7,000,000 lb.—from Transamerica Corp. which had received it as dividends from its holdings in the now-defunct Eaton-Fisher Tobacco Co. This is in addition to the tobacco stocks which went with Philip Morris' purchase of Eaton-Fisher's property and equipment over a year ago (BW—Jun. 24 '44, p. 118). The trade believes that the terrific wartime bulge in cigarette consumption will stick. Month for month, production and consumption so far in 1945 have topped the 1944 records; in May this year production was 30,003,000, against 28,436,000,000 last year, and other months show a similar gain. Production this year may come to between 340,000,000,000 and 350,000,000,000, and the trade thinks the public would smoke up four hundred billion if they were there. Within the next few years, the National Assn. of Tobacco Distributors predicts, the U. S. will see consumption hit five hundred billion.

Gain in Exports—This hopeful estimate presupposes a boom in exports—foreign countries where tastes for U. S. cigarettes has been whetted by their wide distribution through the armed forces—as well as an expanding domestic market. There has been one casualty of the wartime boom—the 10¢ cigarette. The time brands have had tough sledding ever since the depression and the war have them the final shove. Such names as Paul Jones, 20-Grand, Sensation, and All-American have disappeared. Many in the trade hope that they will never return.

DELAYED REPORT

WPB waited until the end of the year to release the Office of Civilian Requirements' survey of clothing shortages, made in the first three months of this year. Prevailing WPB opinion was that the survey's gloomy report would merely stimulate further hoarding.

The Bureau of Labor Statistics also had an interest in keeping the study under wraps, because OCR's findings on the disappearance of low-priced clothing conflict with BLS' cost-of-living statistics.

Only fifty cents a day hires a Camel!

... Cheap—until you figure it out

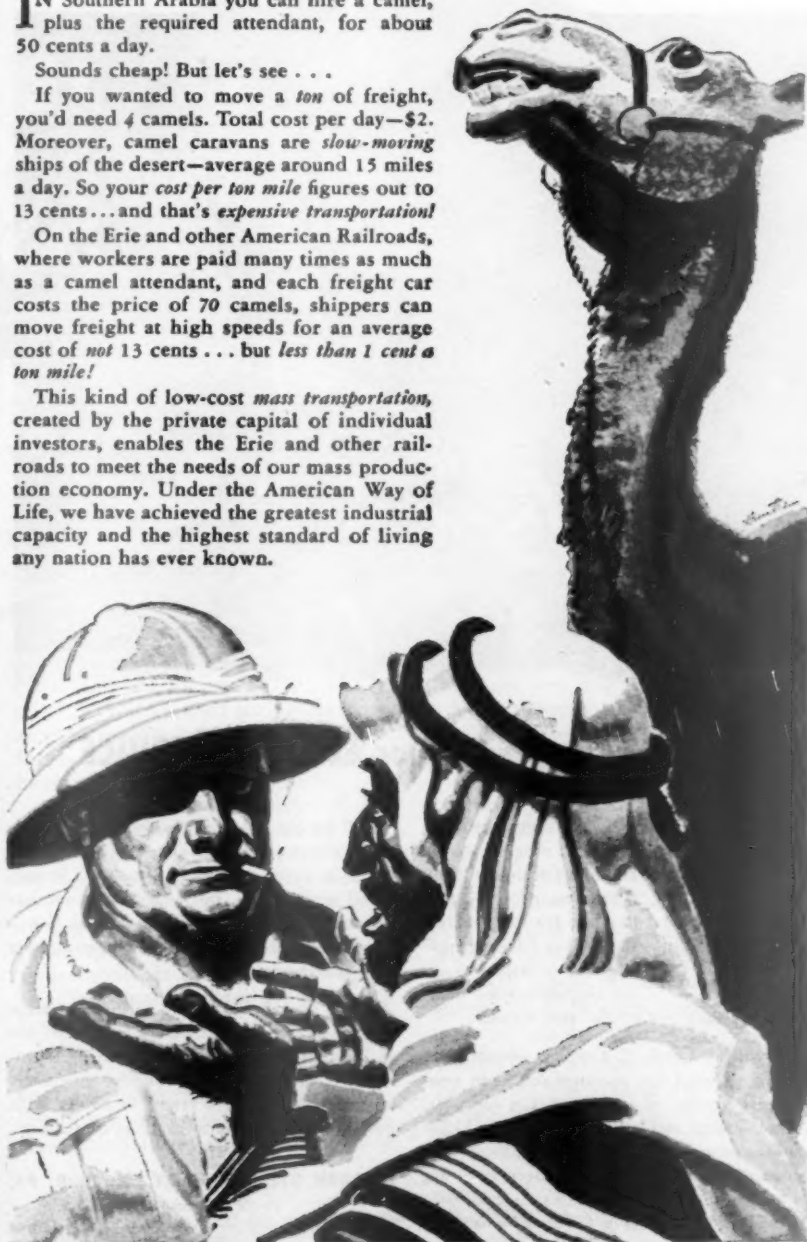
IN Southern Arabia you can hire a camel, plus the required attendant, for about 50 cents a day.

Sounds cheap! But let's see . . .

If you wanted to move a ton of freight, you'd need 4 camels. Total cost per day—\$2. Moreover, camel caravans are slow-moving ships of the desert—average around 15 miles a day. So your cost per ton mile figures out to 13 cents . . . and that's expensive transportation!

On the Erie and other American Railroads, where workers are paid many times as much as a camel attendant, and each freight car costs the price of 70 camels, shippers can move freight at high speeds for an average cost of not 13 cents . . . but less than 1 cent a ton mile!

This kind of low-cost mass transportation, created by the private capital of individual investors, enables the Erie and other railroads to meet the needs of our mass production economy. Under the American Way of Life, we have achieved the greatest industrial capacity and the highest standard of living any nation has ever known.



Erie Railroad

ONE OF AMERICA'S RAILROADS—ALL UNITED FOR VICTORY



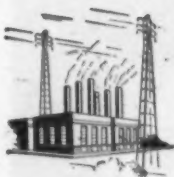
Trade Your Folding Money
For Fighting Money
... BUY WAR BONDS

Dave Firestone

OF LEBANON AT
HIS "DAILY GRIND"



He Helps Improve Your ELECTRIC SERVICE



DAVE FIRESTONE... for nine years an employee of the Lebanon Steel Foundry... is a skilled stand grinder. Part of his "daily grind" is going to help you enjoy electric service more

complete than any you've ever known.

Many of the Circle **L** Castings which Dave grinds are used for pressure and high temperature service in central station turbines, valves, fittings and boiler feed pumps. These stations provide the power for modern electrical appliances that will raise American living to new high levels of comfort and convenience. With your own quick-freezing cabinet,

you'll be able to enjoy out-of-season foods at in-season prices. Within three hours, your family's clothes will be washed, wrung, dried and ironed by your own complete electric laundry. Dave Firestone's skill will help bring these benefits of electric power into your home.

And in your industry, the skill of Lebanon craftsmen like Dave Firestone may assist you in improving a product or increasing a production rate. Lebanon Foundry engineers and metallurgists are ready to confer with you on any steel or alloy castings application.

LEBANON STEEL FOUNDRY, LEBANON, PA.
"In the Lebanon Valley"

ORIGINAL AMERICAN LICENSEE GEORGE FISCHER (SWISS CHAMOTTE) METHOD

LEBANON
ALLOY AND STEEL

Castings



Union Weapon

Public and advertisers quickly accept new newspapers published by labor committees in protest at "lockout."

News-hungry residents of St. Louis without daily newspapers for two weeks because of a strike of carrier members of the A.F.L. Pressmen's Union (BW Aug. 25 '45, p106), quickly bought 100,000 copies of a union-sponsored newspaper on Sept. 1.

• **Four Unions Cooperate**—The new daily, the St. Louis Daily News, is published by the Newspaper Inter-Union Conciliation Committee, representative of four unions whose members numbering some 2,500, were laid off when the strike-bound Star-Times, Globe-Democrat, and Post-Dispatch suspended publication temporarily. The interunion committee, protesting what it described as a "lockout" of employees first tried to conciliate the strike, then swung a club new to labor disputes—its own full-fledged daily paper.

Forced to ration first issues from an available 164 tons of newsprint, the committee is asking the War Production Board for 36 tons daily—enough for a 16-page paper for the potential 300,000 street sale circulation. Present limits are four pages daily and eight on Sunday sold for 5¢, which is 2¢ more than the price of the established St. Louis papers.

• **Carries Advertising**—The union sponsors made their original plans on the assumption that circulation revenue would be sufficient to keep the Daily News in the black under its contract with the Nordmann Printing Co., which handles the daily on the same basis that it prints weekly neighborhood and shopping papers. Editorial and business office costs are negligible because this work is done by laid-off employees of the three big dailies—who have warned they either will collect from them for overtime, or will not return to jobs. For the first few issues, at least, only \$5 daily lunch money and actual expenses were paid to writers who normally are the city's highest-paid reporters.

However, St. Louis businessmen, who have felt the pinch of curtailed advertising, showed quick interest in the new daily, whose rates for display, classified, and classified display advertising have been set on a par with shopping papers—about 25¢ a line—instead of the higher rates charged by the dailies.

• **Picks Up Support**—Motion picture houses and other entertainment places were quick to take advantage of the

"PCA" keeps the Board of Directors well-informed



Keasbey & Mattison Co., Ambler, Pa., recommends Remington Rand Punched-Card Accounting as the logical means for controlling a large, complex operation and furnishing directors with active data.

Good directorship functioning is dependent upon adequate knowledge of basic operating activities. F. W. Cocker, Treasurer, discloses the following procedure by which the directors of this widespread organization are kept advised of current conditions.

"For sixty-six years our company has specialized in producing items in 40,000 to 50,000 commodity codes involving processing in asbestos, chemical, paper, mill board, insulation, building materials and textile fields.

"Control of so diversified a business has proved to be possible only through a monthly profit and loss statement and balance sheet and the scores of detailed statements upon which they depend. For the preparation of these statements with speed, accuracy and economy, we have relied for twelve

years upon Remington Rand Punched-Card Methods. Punched cards, which, until 1931, were used mainly for sales analysis reports, have become the basis for controlling the many phases of our business.

"At the monthly meetings of the Board, each director is furnished combined statements and balance sheets for the preceding month, year to date, and comparable periods for the preceding year. Administrative, sales and other expenses are listed by districts; as are analyses of comparative operating statements. Sales are also analyzed by departments.

"This close monthly control helps to reduce our one-and-one-half million dollar inventory to the lowest practical level—making possible an eight-time yearly turnover. The success of

our management control, based on this punched-card method, inspired a large nationally known corporation to install similar controls for their directors.

"In our opinion, no company can exercise close manufacturing control without the use of punched-card accounting."

Are you satisfied with the facts upon which you must make decisions? If not, Certified Report No. 4310 covering the details of the Keasbey & Mattison punched-card applications should prove of great interest. Copies may be obtained by writing to our nearest branch office or to Remington Rand Inc., Tabulating Machines Div., Room 1742, 315 Fourth Ave., New York 10, N. Y.

• **KWIK-FAX** •
REMINGTON RAND
TABULATING MACHINES
 may be **PURCHASED**
 as well as leased.

Remington Rand PUNCHED-CARD ACCOUNTING

*The **HOLE**
 ... the Symbol



MARK of a Method
 of Accuracy

Write for: "The HOLE-STORY of Punched-Card Accounting"—
 the book that tells a vital story to business. It's **FREE!**



BUY BONDS—Buy Victory and Peace



Menus for example

Hamilton Text and Cover Papers—Andorra, Victorian, Kilmory, and Weycroft—are providing advertisers with distinctive printing surfaces at moderate costs. Their versatility is limited only by the creative ingenuity of those who must sell by the printed medium. Menus, for example...announcements, books, booklets, brochures, programs, folders...for such media as these, Hamilton Text and Cover Papers are "good papers for good business."

Behind the mills at Miquon is a nation-wide network of Hamilton merchants, actively determined to do everything possible to satisfy your needs and to meet your precise specifications.

W. C. Hamilton & Sons, Miquon, Pa. Offices in New York, Chicago, San Francisco.

HAMILTON PAPERS



new medium, hoping to bolster sagging box office receipts. Department and other retail stores, plugging by radio, circular, and shoppers' papers to bolster preschool and fall sales dealt hard blows by 100-degree heat and suspension of the big dailies, were reported ready to give their Associated Retailers approval to the Daily News, open the way for further financial gains.

The dailies are sitting tight, confident that resumption of publication will mean the end of the strike-born competitor. Negotiations for an end of the walkout continue spasmodically, without any indication that the present deadlock will end soon.

• **Pickets Ignored**—The carriers whose strike resulted in the birth of the Daily News are having no part in its publication. The Pressmen's Union, parent organization of the carriers, threw pickets around the Nordmann plant to protest against use of commercial pressmen to print a daily newspaper—a violation of a jurisdictional line set within the Pressmen's Union.

Until international officers of the pressmen ordered the pickets withdrawn, interunion committee publishers of the Daily News went about their business, ignoring the picketing pressmen.

OPEN-MESH BAG CASE

The open-mesh bag industry may soon be brought to trial in Denver on antitrust charges.

The case was among some 25 antitrust actions which were held up on the ground that prosecution would interfere with the war effort.

An indictment was brought in Denver in 1942 against Bemis Bag Co. of St. Louis, Chase Bag Co. of New York, Fulton Bag and Cotton Mills of Georgia, Grand Rapids Fibre Cord Co., and Frank W. Winne & Sons of Philadelphia. These firms made or sold virtually all the 55,000,000 open-mesh bags turned out yearly in the U. S. before the war. Such bags are used almost entirely by vegetable growers and shippers.

Gerald L. McAuliffe, in charge of the Denver regional office of the Antitrust Division, said that an attempt to try the case a few months ago (trial originally was set for 1943) was balked by the Army and the Navy. He said the case could be tried this fall or early winter.

Specific charges include one that the defendant companies sought to coerce the Grimes Co. of Denver, a small maker, into selling only at prices and under conditions laid down by the major bag companies and that they refused to sell the Grimes Co. needed cordage when it would not agree.



PLASTIC MUSIC

Reconversion kept on coming this week as RCA Victor unveiled a non-breakable high fidelity plastic phonograph record for home use, happily displayed by Duke Ellington (above). Like the V-Discs that the industry has been making for GIs (BW Jul.21'45,p28), the new record is made principally of Vinylite, but RCA is hunting for cheaper materials. Cost of a 12-in. Red Seal Vinylite disc will be around \$1.90 as compared with \$3 for standard discs. RCA hopes to put "Till Eulenspiegel," its first recording on sale in October, following with a new album each month. Despite the "Duke's" pleasure, there is no present plan to use the plastic records for popular recordings.

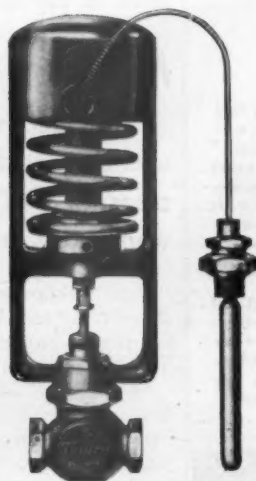
RECONVERSION SUIT

OPA filed in U. S. District Court at Chicago last week what it terms the first reconversion price suit in the country. The suit asks \$150,000 as treble damages from Electric Household Utilities Corp. Starting last June that company's Hurley Machine Division delivered to distributors 5,000 washing machines left over after completion of military contracts.

The prewar price was \$89.95. Hurley invoiced them at \$109.95, rubber stamped on the invoice: "Prices on this invoice are subject to final approval or change by OPA. When final prices are established, we will issue a credit memo if the price is lower or bill you an additional amount if the price is higher."

Hurley sold the same model to Army and Navy throughout the war at ceiling

Thousands of these "tough babies" are doing a man's job!



NO doubt about it, these Taylor Self-Acting Temperature Controllers *are* tough babies. And Automatic Emulsion Treaters in the oil fields are typical of the many industrial processes to which their dependable performance, simple operation and economy are ideally adapted.

Many thousands of these standard Taylor instruments are in service today throttling the fuel supply to these treaters, automatically maintaining the proper temper-

ature for the most efficient removal of water from the oil-field emulsions with minimum loss of oil. This process, which has such an important bearing on the marketability of the crude, is handled to perfection by the Taylor Self-Acting Controller. It just doesn't require a more expensive, more complicated instrument.

You can spend a lot more money than necessary on fancy controls (and we make them, too) for many jobs where very close control is not required. Typical jobs which the Taylor Self-Acting Temperature Controllers take in stride are: condenser cooler water in stills, oil field superheaters, wax coating machines, plating and rinsing tanks, bottle and can washers, mixing and cooling kettles, hot water tanks, diesel water jackets, feed water systems, etc.

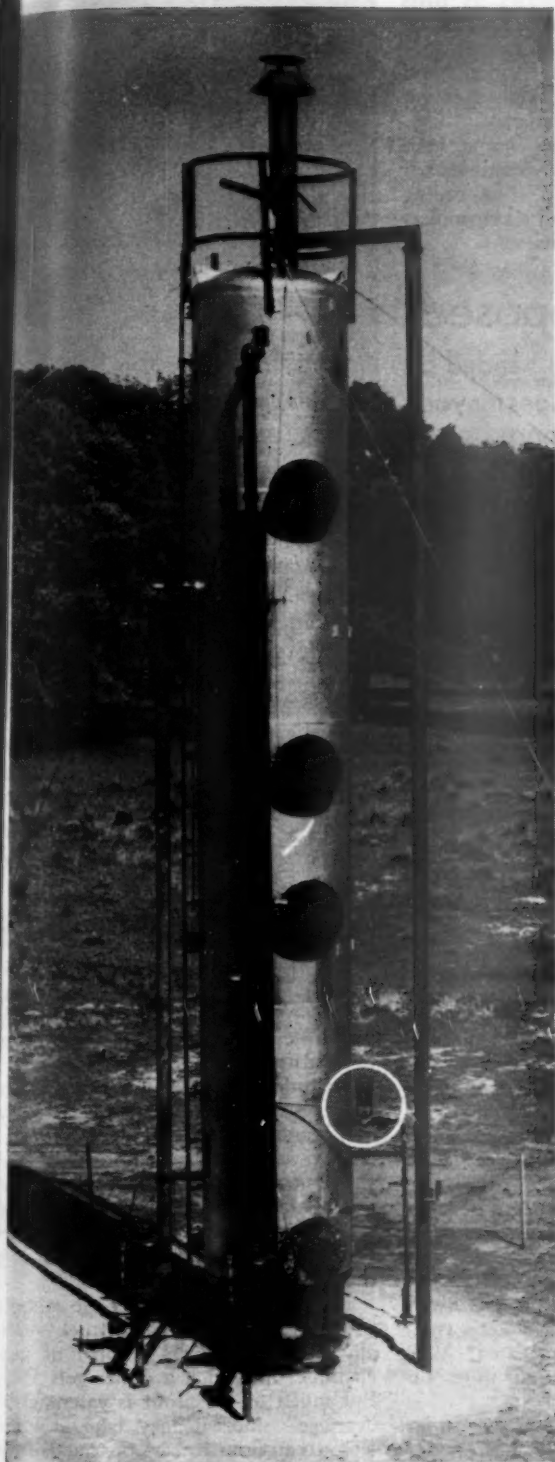
They require no auxiliary air supply for operation. Double seated valves are available in sizes up to 2"; single-seated composition disc types up to 1". Numerous standard temperature ranges within limits of 10° and 340° F, and semi-standard ranges within limits of 165° and 610° F.

Write for catalog 36-R. Taylor Instrument Companies, Rochester, N. Y., or Toronto, Canada. *Instruments for indicating, recording, and controlling temperature, pressure, humidity, flow and liquid level.*



Taylor Instruments
— MEAN —
ACCURACY FIRST

IN HOME AND INDUSTRY



One of many thousands of National Tank Co.'s Automatic Emulsion Treaters on which Taylor Self-Acting Temperature Controllers are standard equipment.

BUY ANOTHER WAR BOND TODAY!

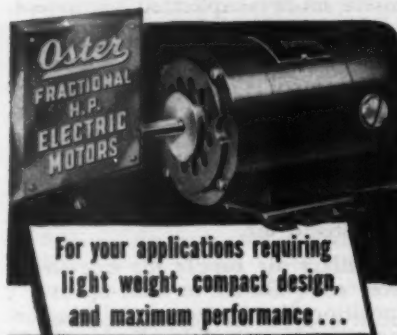


When beaus were "seeing Nellie home," this sign was as welcome as today's "Flats Fixed." Just as unmistakably, your trademark must attract attention and inspire confidence. It should dovetail with advertising and sales promotion. It should guarantee quality and meet legal requirements. There's a Kaumagraph method to mark your materials effectively and economically. Give your products distinctive identification. Send a sample for experimental marking today.



Identification Headquarters since 1902
KAUMAGRAPH

KAUMAGRAPH CO., 1319 POPLAR ST., WILMINGTON, DEL.
NEW YORK OFFICE • EMPIRE STATE BUILDING, N. Y. 1



this OSTER MOTOR
has the features that "fill the bill"

HOUSING — Die cast, open or totally enclosed.
FINISH — Black, baked enamel.
BEARINGS — Single, shielded ball bearings. Bearing housing fitted with steel inserts.
BRUSHES — Furnished with metal graphite or electro graphite brushes of ample size to assure unusually long brush life. Phosphor bronze or beryllium copper brush springs.
WINDINGS — Available for operation on 12, 24 or 115 volts, in shunt, series and split series types.
MOUNTING — Available for either base or flange mounting.
MODIFICATIONS — Motors can be furnished with special shaft extensions, finishes, leads, etc. Motors can also be furnished for operation in high ambient temperatures and high altitudes.

All ratings and data are approximate.

M-130

John Oster Mfg. Co.
DEPARTMENT B-18 • RACINE, WISCONSIN

prices, although it estimates its costs are 25% above prewar. Hurley's request last April to OPA for a price increase has not yet been granted, and the management plainly wanted to get an early start in the market.

OPA says that Hurley should have sold its machines at \$89.95 and that if OPA subsequently gave it a ceiling boost, it could have asked its customers please to pay the difference.

Market Opposed

Produce group headed by union leader challenges mayor's plans for \$42,000,000 project, wants costs justified.

Few public works programs escape opposition, and Mayor Fiorello H. La Guardia's proposed \$42,000,000 terminal produce market for New York City (BW-Jul. 21 '45, p. 86) is no exception. Last week the Greater New York Fruit & Produce Terminal Investigating Committee was organized to investigate it.

• **Union Head Is Leader**—Spearhead is Joseph G. Papa, president of Local 202, Commission Drivers & Chauffeurs Union, which includes truck drivers, porters, and salesmen employed in the present Washington Market on New York's lower west side. Also represented are associations of fruit and produce receivers, truck operators, loaders, and property owners.

Papa says that his group is neutral, but he makes it clear, however, that his committee intends to get answers to these questions: Would rentals to receivers have to be prohibitive in order to pay for a \$42,000,000 market? Will the terminal divert market business to other areas—notably New Jersey—because of higher costs? Will the new market, with its modern loading equipment and tractor trailers, put truck drivers, loaders, salesmen, buyers, helpers, and coopers (who repair crates) out of work? Will costs to growers (who consign produce to the market's commission merchants) be increased? Will property owners get a fair price for their holdings?

• **No Answer Yet**—Papa says that so far the city has proffered no answers. If the answers which his committee digs up for itself are unsatisfactory, it probably would take action in an effort to block any further development of the project.

Backers of the new market contend the new facilities would lower costs and enable New York to recapture some of the market business it has lost in



TURTLE IN THE SOUP

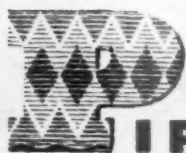
At Delafield State Fish Hatchery, Robert Moore (above, left), supervising warden, with his assistant, exhibits a catch of snapping turtles which are being netted in Wisconsin lakes and sold because they menace fish. Turtles, weighing as high as 27 lb., are shipped from the hatchery at 15¢ a lb. Best customers are taverns, which serve the snappers in soup and stew. None is going out of the state because local demand exceeds supply.

recent years to neighboring cities. Federal funds are justified, they point out, to reduce costs in this market which establishes fruit and vegetable prices for the entire country.

• **Attitude Changing**—For years dealers have resisted any change in the hoary Washington market. Now the confusion of two-way traffic attempting to load and unload in 30-ft. streets is so great that a large portion of the trade is ready for almost any change that would relieve the congestion and thereby reduce their labor costs.

For example, a porter's wage averages \$1.42 per hour. A hand truck generally carries about \$15 worth of merchandise, on which a dealer gets 10%. But much of his profit is eaten up by "cartage" since it may take a porter close to an hour to cart the goods from unloading pier to truck, or from one truck to another. Most of this time he spends waiting for produce trucks to maneuver into position, and, once his hand cart is loaded, in threading his way through close-packed streets.

By contrast, the new market promises such advantages as 110-ft. streets, complete tractor-trailer cartage, and "tail-



PIPE OF PEACE



Our natural gas pipe line system—6,000 miles in length—was dedicated to serve peace-time industry, business and homes in the Gulf South. Then the ruthless assault on Pearl Harbor plunged our pipe lines into war . . . allied them with vast industrial plants in the Gulf South, helping to speed production of war materials. . . Now, many industries, planning to expand and decentralize, are investigating the Gulf South, with its rich resources and many other industrial advantages. When full reconversion comes, our pipe lines will again be "pipes of peace" . . . serving the peace-time needs of more industries, more businesses, and more homes in the Gulf South.



UNITED GAS...SERVING THE *Gulf South*

For information on Gulf South opportunities, write to Director of Industrial Development.

For inquiries to the following cities, address **UNITED GAS PIPE LINE COMPANY**: IN TEXAS—Beaumont, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls; IN LOUISIANA—Baton Rouge, Lake Charles, Monroe, New Orleans and Shreveport; FOR MISSISSIPPI, ALABAMA and FLORIDA—Jackson, Mississippi. For inquiries to the following cities, address **UNITED GAS CORPORATION**: IN TEXAS—Huntsville, Jacksonville, Laredo, Marshall, Mineola, Nacogdoches, New Braunfels, Schulenburg, Sinton; IN LOUISIANA—New Iberia, Opelousas; IN MISSISSIPPI—Gulfport, Laurel, McComb.



YOUR ROAD MAP'S *Full* OF 'EM!

WAR exacts a heavy toll on the nation's highways, because frequently even ordinary maintenance and new construction must mark time for the duration.

War's end should be the starting point for a nation-wide program of needed rehabilitation and better highways, roads and streets—all over America! Such a project means jobs for millions of veterans—not only in construction but with the builders and suppliers of road-building materials and equipment and many related activities, as well.

That's the objective of a plan sponsored by the American Road Builders Association.

The federal government has already appropriated 1½ billions of dollars for this task—funds to be matched by each state or municipality participating in the program.

The benefits of this plan are far-reaching enough to warrant the interest and support of good citizens everywhere. Write for a free copy of "The Road Ahead" from the American Road Builders Association, 1319 F. St. N. W., Washington 4, D. C. Read it and then see that your community shares in putting this sound, practical plan for peacetime jobs in action.

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Special Military Equipment

board" deliveries eliminating lifts goods from street to truck floor.
• Plans Move Along—Meanwhile, operating company, Washington Market Terminal, Inc., is in the process of incorporation, and detailed building plans are being drawn, financed by \$750,000 federal grant (the city already spent \$200,000 on preliminary plans).

REFRIGERATION TEST

While six perspiring experts in refrigeration baked in a coach that was not air-conditioned, eight cars of quick-frozen raspberries, peas, and cherries rolled twelve days across country in test of the effectiveness and economy of various types of rail refrigeration for such products. The test was sponsored by the Bureau of Plant Industry, Department of Agriculture. The cars left Spokane Aug. 16 and on Aug. 28 reached New York where all contents were found to be in good condition.

Four cars had heavy 6-in. insulation with end ice bunkers in two and the bunkers in two. Four others had light 3-in. insulation and were equipped with fans to blow cold air from ice to which 30% salt had been added.

The purpose of the experiment was to see if fan cars, of which railways have about 4,500, can protect frozen foods as well as heavy-insulated cars, of which there are only about 450. The fan cars maintained temperatures of 10 F compared with 12 F in the heavily insulated reefers. Because it costs more to build the latter type, proof of the performance of fan cars will help standardize this cheaper type.

WANAMAKER'S TELEVISION

With the radio industry extending itself to sell retailers on television, Allen B. DuMont Laboratories announced this week that it would install three complete television studios in John Wanamaker's New York store. The main studio, said Wanamaker's and DuMont, will have room for the largest live audience of any television studio in the country. Installation will get under way next week and the studios are expected to be in operation before the end of the year.

News of this ambitious project would seem to call a temporary halt to the recurrent—and recently more insistent—rumors that Wanamaker's will shortly move uptown from the Washington Square district to which it has clung for so many years. One report has been that Wanamaker's would take over part of the skyscraper which Webb & Knapp will build on the site of the present Hotel Marguery (BW—Sep. 1 '45, p. 36).

LABOR

Wage Showdown Due Soon

Indications on eve of steel union's huddle are that 30% increase will be standard C.I.O. demand. Effort to keep wartime level will only be abandoned after every tactic has failed.

Early next week, Philip Murray, who is president of both the C.I.O. and the United Steelworkers of America, will meet in Pittsburgh with delegates from the nation's steel towns to draft new wage demands. That will be the official beginning of the great union campaign to push up pay rates.

What May Be Expected—Indications of what may be expected at Pittsburgh are not lacking. That the auto workers are asking for a 30% wage boost (BW-9, 25, 45, p94), that the farm equipment workers are presenting their employers with an identical demand, that the rubber workers will shortly ask for the same thing, and that steel union officials have been talking in terms of that figure in their staff meetings all suggest that Murray is about to formalize 30% as C.I.O.'s standard demand for the first postwar wage push.

No matter what the steelworkers' specific demand may be, the fact is clear that organized labor is setting out to hold weekly pay at its wartime, over-inflated level in the face of a sharply reduced work-week. To make a paycheck for a 40-hour week equal one for a 48-hour week at the same job requires a 30% hourly increase to balance out the lost overtime payments at time and half.

Cold Statistics—In 1939, the average work-week in factory employment was 37.7 hours; in 1944 it was 45.2 hours. An adjustment back from 1944 to 1939 work hours can be made up only by a 5% wage increase. These are the cold statistics behind current wage demands which might otherwise seem unrelated to anything except the fevered imagination of labor leaders.

Employers, disposed to acknowledge that some wage increases are now inevitable with the relaxation of wartime wage controls, think in much more modest terms of what the situation calls for.

Prepared to Discuss 8%—Just before the war's end, when the National War Labor Board was attempting to find agreement on a wage adjustment formula to replace the Little Steel yardstick, industry representatives on the board, though not formally committing

themselves, were prepared to discuss an 8% upward wage adjustment.

The 8% figure results from translating average hourly earnings for a 48-hour week (with its eight hours of time and one-half) into a new straight-time hourly rate.

With the abrupt end of the war, however, employers who have declared themselves show a willingness to go further.

For Example—Timken Roller Bearing and Standard Oil of New Jersey have offered revisions in wage agreements which will bring base pay up 10% and 15% respectively.

Standard, which contemplates a transitional step from a 48-hour week to a 44-hour week before going back to 40 hours in some departments, proposes a

5% base rate increase for employees working 44 hours and an additional 10% boost when the week scales down to the 40-hour level.

How It Works Out—Agreements may indeed be reached amicably—that is, without work stoppages—but it is realistic to assume that only rarely will they be reached on the basis of terms now being offered by employers. A proposal like Timken's, tendered to Murray's own union, can serve only to narrow the gap between what wage rates are now and what the union wants them to become.

It establishes, for bargaining purposes, the lower limit of wage figure discussions, just as the union's demand fixes the upper limit.

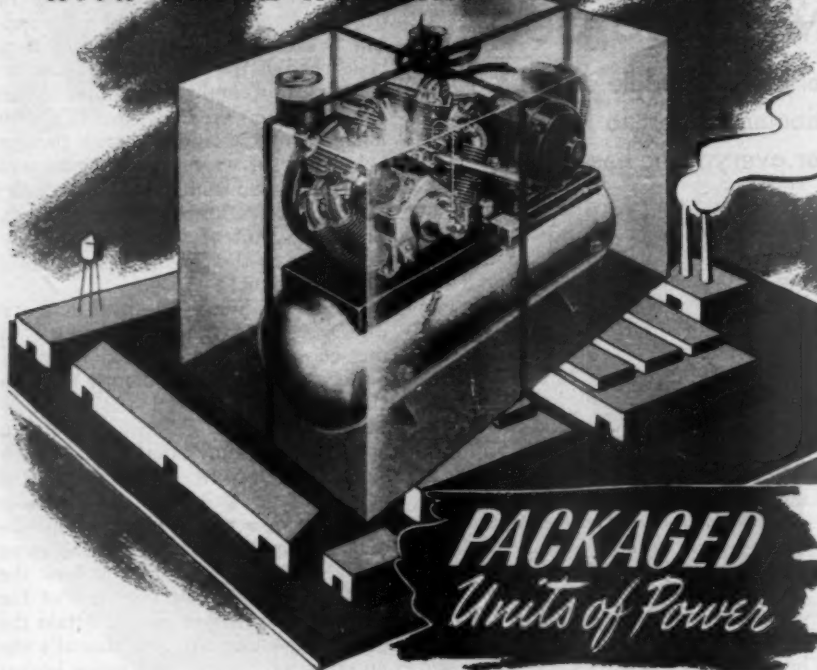
Up 40.3% Since '39—Steel, and the directly related industries covered by that classification, are paying their employees now an average hourly straight-time rate of \$1.02. Traditional bellwether of the U. S. economy, it has upped straight-time hourly rates 40.3% since 1939. Murray's men, without equivocation, attribute that fact to the operation of a strong union in the industry. For, half of that increase came in the first two years, while it took the next four, despite the existence of the tightest labor market ever, to attain the other half under the government's stabilization program. These union leaders



POLITICAL WORK FOR IDLE HANDS

Unions, faced with membership depletion through mass layoffs, are diverting the heat and the eyes of their constituents toward Washington. A protest meeting (above) in New York is typical of rallies conducted in many industrial centers to attract the attention of Capitol Hill to growing demands for immediate action on such measures as the Murray full employment bill and the White House-blessed Kilgore unemployment compensation bill.

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Wayne

AIR COMPRESSORS

are beset by the belief that they are some catching up to do.

Over that same 1939-1945 period, average hourly earnings in the industry (including overtime) have increased 50.8% to their present \$1.107 level. The average weekly pay envelope, \$51.73 on the day the war's end brought cutbacks and cancellations, was nearly double its 1939 content.

• **Back to Basic Wage**—Hourly wages have, during wartime, been vital in arguments before NWLB. The payoff was the payoff and into it went going overtime premiums, upgrade benefits, and fringe allowances. Now day's pay will be the sum of straight time rates almost exclusively and the basic wage is restored to its prewar importance.

Taking credit for gains, a union cannot escape responsibility for losses. Since it signed up its first member in 1917 the C.I.O. has never had to ask its members to do a day's work for less money. It cannot do so now unless it first demonstrates that an application of its economic power—meaning strikes—will be unsuccessful.

• **What Is at Stake**—The wage demands now being formulated represent an effort to hold earnings at the wartime level. They will be whittled down substantially only after it becomes evident that no tactic—peaceful or otherwise—can succeed in achieving them.

RAISE FOR SEAMEN

An increase of \$45 a month in the base pay of 100,000 seamen has been ordered by the National War Labor Board in a significant follow-up to the 10 percent removal of the brakes on wage increases and scrapping of the Litt Steel wage formula (BW—Aug. 25, p. 15).

The raise—which NWLB says already has been approved by Economic Stabilization Director William H. Davis—is an important indication of new NWLB wage policy because (1) it is a sharp increase in wages to make up for a decrease in wartime take-home pay for seamen, and (2) it was authorized despite the fact that it very probably will mean higher shipping rates.

Seamen will get the increase immediately upon elimination of the Maritime War Emergency Board's current war risks bonus on Oct. 1. At its maximum during the two-ocean war, this bonus amounted to 100% of the base wage—\$100 a month, whichever was higher. Currently the bonus averages \$53 a month.

Elimination of the war risk bonus without an adjustment in wages has been opposed vigorously by the National Maritime Union (C.I.O.) since the

Jimmie's Five Steps to Fortune

Reading time: 1 minute, 54 seconds



First Step Back in 1910, Jimmie left his father's farm for the big city of New York. He all talks about the first Ferry ride and the thrill he got taking at the New York sky line. He liked the Ferry, stayed on it, got a job shining shoes and saved some money.



Third Step Jimmie got hold of a barber shop, right near the steel mill. He put his name up over the door, made friends and got customers. He also took an interest in a shoe repairing shop nearby. Then another interest in a little one-armed restaurant in the same neighborhood. Jimmie was sure in business.

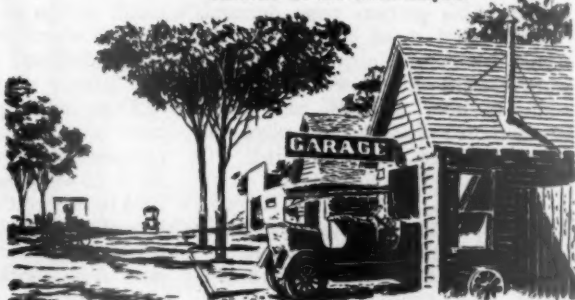


Fourth Step This is the sign that hangs over Jimmie's door. It marks the biggest step in his career. Before car production was halted by war, Jimmie had twenty salesmen, and as many service specialists on his pay roll. He did a sale of a business and will again. Jimmie, of course, thinks De Soto and Plymouth cars are the greatest in the world.

THIS story of Jimmie is true, — from records on file with Chrysler Corporation. It is a story typical of hundreds of other American boys and men who made good in the direct and simple American way. The free way. Jimmie took the jolts and bumps in stride. He came up smiling. He



Second Step Next Jimmie got the Western fever. Started West, working his way on the public roads. Then got a job in a Western Steel Mill where he learned the machinist's trade. Jimmie kept his eyes wide open all the time and had dreams of bigger things. A business of his own maybe.



Fourth Step By this time Jimmie had a family. A fine wife and two lusty youngsters. He had a father-in-law too, who owned a garage but wanted to retire. Jimmie took over. His machinist's training now came in handy. He was smart with automobiles. He made a local name for himself. Kept working hard, with his eyes wide open, seemed to get bigger and better ideas all the time.



Jimmie Steps Back — to farming again. Jimmie's home is a model farm where 350 acres of fields and pastures give him relaxation with his family. His sizable dairy herd also helps supply a considerable area with its daily needs in fresh milk. Next to his De Soto-Plymouth dealership, Jimmie's farm is his pride and joy. Jimmie earned them both.

kept his eyes open, and nothing, really, stood in his way.

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KEEP ON BUYING WAR BONDS

THE LABOR ANGLE

Lewis

Add (again) to the list of the A.F.L. and C.I.O. leaders' pressing worries, John Llewellyn Lewis in his dual capacity as head of the coal miners and boss of the private, miscellaneous labor movement known as District 50. Lewis is today in the sweetest spot on the whole labor front. He operates in the only completely unionized basic industry that is, and will continue to be, undermanned, and that will still find its output in over-capacity demand unaffected by reconversion.

Further, coal is covered by a contract which Lewis can terminate on 30 days' notice. Either he can announce his postwar wage demands shortly and make the rest of the unions look as though they are playing a game of follow-the-leader, or he can hold off until other labor leaders have spoken their piece and then advance demands which will make them look like pikers.

As if this isn't enough to make Lewis' position thoroughly enviable to other labor leaders, there are the further facts that, through District 50's contracts with U. S. Vanadium Corp. and Vanadium Corp. of America, he controls the most important union factor in uranium production and atomic research; that his organizers are being warmly welcomed by railroad employees; and that District 50's unit in the construction industry is showing unmistakable signs of life.

Trouble

The employer with a union relationship who now makes an offer to increase wages—and a growing number of them are doing that—may simply be asking for trouble.

Despite statements that generous gestures from management are always welcomed, union leaders keep their jobs by convincing the rank and file that they are getting things which would not be forthcoming without union efforts. A normal union reaction to an employer proposal to raise pay rates is to treat it contemptuously and counter frequently with more extreme demands than would be forthcoming if the employer had shown no disposition to make increases voluntarily.

If earnest advocates of labor-management "understanding" find such a fact discouraging, let them remember that a collective bargaining relationship has no provision for unilateral action, and that labor, for historical reasons, suspects any employer gesture which would give the impression that workers' interests are adequately protected by employer generosity and goodwill.

\$25.00

Labor has a tendency to dismiss business opposition to so-called progressive legislation as an automatic reaction largely meaningless. It assumes that there is a broad though silent section of the business community which will favor most programs designed to raise or protect the income of wage earners.

Thus, in the present national debate over raising unemployment compensation benefits to \$25 a week for a 26-week period, labor finds it hard to believe that any except members of what it characterizes as a dihard, reactionary group in the business community are against such liberalizing of unemployment provisions. But here labor is wrong.

Aside from that section of business for whom labor has barbed epithets, there may, indeed, be substantial sentiment to maintain workers' purchasing power. Nor is the \$25 figure, taken by itself, considered too unreasonable by many businessmen whose views are not usually reflected in the publicity releases of big business organizations. However, these same men are troubled by the following facts:

In the sometimes-considered-normal year, 1939, the average weekly wage of all workers covered by unemployment insurance was \$26.15. Today, in order to net \$25 a week after taxes, a single man must earn \$29 and a man with one dependent must earn \$26. Unemployment benefits are not taxable. Therefore, at 1939 income levels, more than half of the single and married workers in covered employment would be at least as well off financially if they qualify as unemployed.

What business, with few exceptions indeed, wants to know is: How "available" will an adequate work force be under these circumstances?

bonus was cut after the German surrender (BW-May 19'45, p104). At recent hearings in Washington the merchant seamen warned of a possible loss of shipping—including the return of troops from abroad—unless an increase was granted.

Double Trouble

Foremen's strike follows close on heels of Goodrich surrender to union demands for immediate 36-hour work-week

Labor difficulties continued to plague the B. F. Goodrich Co. this week as a strike of foremen closed all production lines and made 15,000 workers idle. Six of the company's Akron plants. On last week Goodrich settled down among production employees by agreeing to put into immediate effect plant-wide 36-hour work-week (BW Aug. 25'45, p94) demanded by the United Rubber Workers (C.I.O.).

• **Refuses Recognition**—The foremen are members of the independent Foreman's Assn. of America, which has petitioned the National Labor Relations Board for recognition as collective bargaining agent for supervisory employees at Goodrich, claiming to have as members 780 of Goodrich's 800 foremen. The company has refused to recognize the F.A.A. as a union, pending NLRB order.

The strike action, according to the F.A.A., results from recent layoffs of foremen at Goodrich plants. The union contends that seniority and service records were not followed.

• **Plea of Labor Shortage**—Last week's headache for Goodrich came when the rubber workers' union refused the company's proposal that the depression-battered 36-hour-work-week be put into effect on a gradual basis. The company took the position that a shortage of skilled labor made plant-wide adoption of the shortened week impractical, and estimated that it would need 750 to 1,000 additional male employees to maintain present production levels while reducing hours from 45 to 36 a week.

If the change could be made gradually, the company said, veterans returning to their jobs and workers transferred from war operations of Goodrich could offset the need for additional tire production workers.

• **Company Gives In**—The Goodrich rubber workers local turned down the argument. To enforce demands that the shortened work-week be made effective at once, builders of tires for small trucks and passenger cars adopted an unofficial

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2036.18@	1598.23-	437.95*
4080.83@	3258.48-	822.35*
2525.09@	2395.77-	129.32*
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STATEMENT

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Mr. John Doe

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				500.00*
MAY 31		71.583	983.50	1484.25@
MAY 31				1849.25@
MAY 31				365.00@
MAY 31				1088.85@

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six-hour shift, quitting work two hours early on each turn. After two days, Goodrich gave in and ordered the shortened work-week—already in effect in heavy tire production lines—effective throughout Goodrich plants.

The union demanded the immediate shortening of the work-week for a dual reason: to create more jobs and to strengthen union demands for immediate wage increases.

• **Higher Wages Asked**—The rubber workers have asked 30% more pay—the same percentage other C.I.O. unions are seeking (page 95)—so that a shorter work-week will not result in any material reduction in wages. As long as 48-hour pay was being maintained for some, the union found it difficult to press a unanimous demand for action. Hence, the complete shift-over to the short week became imperative to the union's current wage drive.

Seniority Issue

Federal court ruling adds to confusion over re-employment rights of veterans. Preferential status for one year is upheld.

New decisions on the degree of seniority a returned veteran is entitled to claim under the selective service act add to—rather than diminish—the confusion existing over interpretation of one clause providing for re-employment of veterans and their security in jobs for a period of one year.

After precedent appeared pretty well set in a series of regional war labor board and arbitration rulings that a veteran is entitled to his old job, but no preferential status over nonveterans on plant seniority lists (BW—May 19'45, p100), a recent decision in the U. S. District Court at Brooklyn toppled the arbitration guideposts by upholding a claim that a returned veteran must be given plant superseniority for one year.

• **Worker Protests**—The case was brought by Abraham Fishgold, a welder, who regained his job at the Sullivan Dry Dock & Repair Corp.'s Brooklyn yard after receiving an honorable discharge. Subsequently, however, he was laid off for short periods on several occasions, while nonveterans with greater seniority were kept on the job.

Fishgold protested, but first his union—the Industrial Union of Marine & Shipbuilding Workers (C.I.O.), which has a contract at the Sullivan yard—and later an arbitrator decided that when Fishgold was restored to this former job, with accumulated seniority, he became subject to the same conditions of



Boeing Stratocruiser (above) and Boeing B-29 Superfortress

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Boeing has had more experience in the design and building of four-engine aircraft than any other manufacturer

in the world. Like the Superfortress, the new Stratocruiser has four engines—and even greater horsepower will be added.

Like the B-29, it has the extraordinarily efficient Boeing wing, giving it huge carrying capacity—plus higher performance and greater economy in operation than any other transport.

Again, like the Superfortress, the Stratocruiser benefits from Boeing leadership in stratosphere research and the production of aircraft for high-level, over-weather operation. It has improved pressurized cabins—plus new refinements in sound-proofing and air-conditioning.

It has all the structural and aerodynamic advances of the last three years, proved in war on Boeing-built aircraft—all the new features contributing to safe navigation, ease of control and dependable performance—plus passenger comfort never before imagined. It expresses, as no other commercial airplane has yet done, man's growing understanding of the laws of flight.

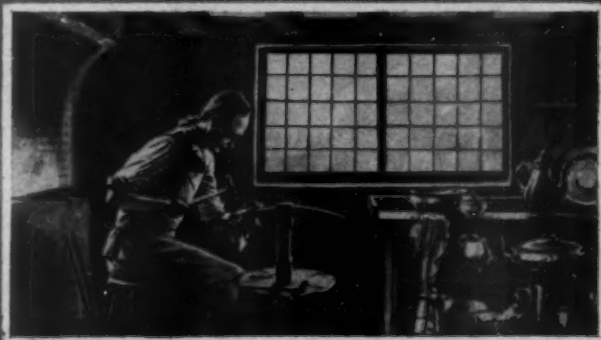
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EAGLE-A PAPERS

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employment and layoffs that cover non-veteran workers.

• **Claim Is Upheld**—Encouraged by Selective Service officials, Fishgold filed a civil suit for \$96.40 against the company, claiming that he had lost that sum in wages when he had been denied job rights guaranteed by the selective service act.

Judge Matthew T. Abruzzo upheld the claim, deciding that for one year Fishgold is entitled under the selective service act to work every day that the Sullivan yard has welders on the job, regardless of seniority rolls.

• **Congress May Decide**—The court held that the statute must be construed as superseding collective bargaining contracts. This was in sharp disagreement with the arbitration awards which had said that collective bargaining clauses must stand, and that Congress had never intended to give veterans a preferential status.

With confusion growing, expectation is that either the U. S. Supreme Court or Congress itself (BW—Aug. 25'45, p98) will have to draw the definite legal line on the seniority issue.

Back to Mexico

Mexicans, other foreign laborers will be returned to native lands shortly. Survey of war prisoner work begins.

Abrupt end of tight employment conditions brought immediate War Manpower Commission orders to speed the return of most of 83,000 foreign workers to their homes in Mexico, the Barbados, Jamaica, and British Honduras. This will clear jobs in industry and on railroads for American workers who have been displaced from war industry.

• **Railroad Replacements**—Most of the workers, or 67,000, were brought from Mexico to take railroad track maintenance jobs on six-month contracts. As the contracts expire, efforts will be made to replace the Mexicans with domestic laborers—who so far have been reluctant to take the six-day, 48-hour week jobs which pay an average of \$31.20.

The New York Central already is following this replacement policy (BW—Sep. 1 '45, p17), and other roads are planning to adopt it. If American workers cannot be found, Mexican laborers will remain on 90-day contracts.

• **All Must Go**—The other 16,000 workers have filled wartime jobs in eastern and midwestern industries—438 in textiles, 4,113 in foundries, 360 in steel,

They're driving cranks horsepower engine.

Tremendous demand speed of ing hard imports precision only had double or resu gerous

For the gears a steels— jority o furnace

Republ "target difficult

A delicate operation: Burring the steel teeth of an aircraft engine gear to remove all sharp edges which might become starting points for failure-inviting "fatigue cracks."



Photo Courtesy Wright Aeronautical Corporation

Steel Teeth FOR 2200 HORSES

They're the teeth on the reduction driving gear which transmits from crankshaft to propeller some 2200 horsepower of a roaring aircraft engine.

Tremendous strain upon each tooth demands exceptional strength. High speed of operation requires unvarying hardness to resist wear. But most important is the need for jewel-like precision—because a variation of only half a thousandth of an inch can double the stresses in a single tooth, or result in noisy gearing and a dangerous drop in power.

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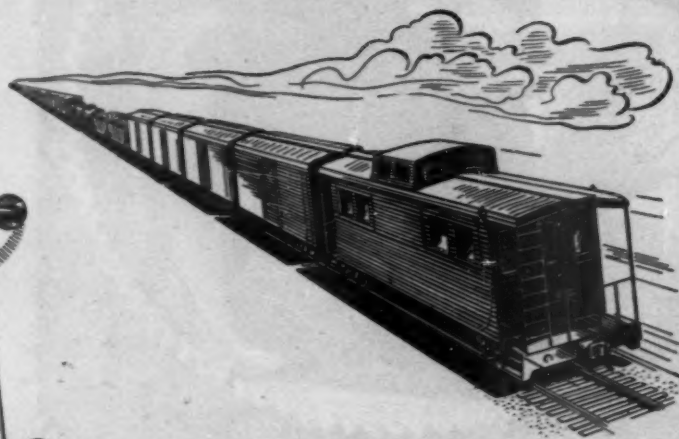


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NORTH CAROLINA

3,093 in food processing, 1,837 in ordnance, 2,628 in lumber, 1,215 in chemicals, and 2,662 in miscellaneous industries.

These will be replaced immediately, although—to prevent upsetting orderly reconversion—employers may be permitted to retain some workers temporarily. Ultimately, however, all must go.

• **Checkup Ordered**—In a second order, WMC has ordered a check made of the use of prisoners of war in nonagricultural jobs, to be sure that none is employed where American workers are available.

As is the case with other foreign workers, most of the prisoners of war are being used in hard-to-fill jobs—64,000 of the total of 140,000 allocated by the War Dept. for work in agricultural and nonagricultural jobs are being used to provide 875,000 man-days of work monthly in food processing plants, foundries, logging and lumber camps, and other industries where critical manpower shortages have existed during the war.

Prospects are that almost all of these workers will be withdrawn before the end of the year; if domestic labor can be found to replace them, they will leave their present jobs even much sooner.

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STILL A MANHUNT

Evidence that employers catering to civilian needs are clamoring for labor is the page from the San Francisco Call Bulletin which carries 25 "help wanted" pleas—some for just one clerk. Footnote to change: One advertiser writes specifications, demands references, and says in effect, "If you don't fill the bill, don't apply."

Woodsmen Riled

Freed of no-strike pledge, 97,000 A.F.L. and C.I.O. lumber workers are deciding whether to strike for higher pay.

Woodsmen in the Pacific Northwest, turned down repeatedly in their demands for higher wartime wages, have been spoiling for a fight for three years. Nothing but the no-strike pledge and the National War Labor Board's West Coast Lumber Commission has kept them on the job. Now that the pledge has expired and NWLB's influence diminished, the woodsmen are talking strike.

• **Taking Strike Vote**—At Seattle last week, the National Labor Relations Board, in accordance with the Connally-Smith act, was conducting a strike vote among some 60,000 A.F.L. lumber workers, members of the Northwest Council of Lumber & Sawmill Workers, in Washington, Oregon, Idaho, Montana, and northern California woods (BW—Aug. 25'45,p108).

The C.I.O. International Woodworkers of America is in the picture, too. Some 37,000 members of that union in Oregon, Washington, and northern California are to vote by Sept. 18.

• **Demands Pending**—The A.F.L. wants wage increases of 20¢ an hour and a minimum wage of not less than \$1.10 an hour for its workers in 430 camps. Some of its demands—including one in which the union asked that mills be forced to work a 48-hour week instead of 16 to 40 hours as most of them were doing at the time—have been gathering dust in Washington pigeonholes since 1942.

C.I.O. wage demands have been pending since 1943. Only last April they were turned down by the West Coast Lumber Commission. That edict affected the A.F.L. union as well. It denied union hiring, proposed requirement of three-man powersaw crews, abolition of piece rates for powersaws, compulsory state workmen's compensation, and some individual job classification wage-rate increases.

• **Travel Time**—On top of all that is the question of travel time in the woods, akin to portal-to-portal pay in the mining industry (BW—Apr. 1'44,p18). It doesn't enter into the current strike picture, but it is a factor in labor-management relationships.

The Wages & Hours Division decided last winter that woodsmen are entitled to pay for time spent in traveling from the entrance of the logging company's property to the working place (BW—



"Consolidated Wants to See Us at Once"

A TELEPHONE in your postwar car will keep you up-to-the-minute with your home office.

We at Ericsson will keep you up-to-the-minute on engineering changes, service and low-cost mass production of essential parts.

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function up-to-the-minute on your postwar products . . . efficiently and economically. You might find it helpful to discuss your problems with us.

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Dec. 9 '44, p. 98). But the industry has rejected this principle.

In Portland, last February, the division put it to injunctive test (BW—Feb. 3 '45, p. 98). Recently a U. S. District Court threw out the division's petition to restrain Smith Wood Products, Inc., from violating the wage-hour law by refusing to pay travel time.

Travel time is one of the C.I.O.'s pet peeves.

• **Comfortable Spot**—Operators aren't likely to yield to demands voluntarily. They have earned in 1945 just about as much as the tax laws will permit them to keep. Hence they would be well fortified against a strike. And no longer do they, any more than their employees, have a war obligation to meet.

At war's end the lumber stockpiles were alarmingly low—so low that the army took over one plywood plant in Springfield, Ore., when workers left their posts. (It since has been turned back.) A small portion of the contemplated peacetime construction would quickly reduce these stockpiles to the stacking timbers.

Construction shapes one factor which could make the industry think twice before electing to hold out long against labor's demands. That is the possibility of opening a loophole for competitive building materials: brick, tile, steel, and concrete.

Record at Stake

Movie studio strikers are up against 25-year tradition that producers have never lost a strike. NLRB decision is due.

It is almost axiomatic in Hollywood that if a union calls a strike at a movie studio, the studio will win.

With the present jurisdictional strike (BW—May 19 '45, p. 108) now moving into its 26th week, it begins to look as though the studios' 25-year record might remain unblemished.

• **Up to NLRB**—The strikers' only hope for a favorable break lies with the National Labor Relations Board. And that is a slender one.

C.I.O. help for the strikers may do them more harm than good. Getting into what heretofore has been strictly a family quarrel within the A.F.L., the C.I.O. Industrial Union Council of Los Angeles voted support of the strike, and followed it up by supplying pickets at Hollywood theaters which exhibit pictures produced during the strike.

• **Kiss of Death**—To the conservative element of the arch-conservative A.F.L. outside Hollywood, this was the kiss of death. Foes of the strikers greeted the



MIXING GOODWILL AND BUSINESS

With a men's biscuit-baking contest, Rumford Chemical Works cooks up friendly relations with its personnel—and gets in a smart plug for its baking powder. At the company's annual clam bake at Rumford, R. I., old-timers of the sales force demonstrated they had lost none of their culinary skill acquired when they toted portable ovens around to county fairs to demonstrate their product. The contest prizes were copies of Rumford's Complete Cook Book.

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"One-hand touch operation" is

quickly acquired after a few minutes practice . . . because there are only 10 figure keys to reckon with.

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C.I.O.'s sympathy as "Communist" support.

More than a year ago, the International Alliance of Theatrical Stage Employees (A.F.L.) made a jurisdiction grab for a group of set decorators, previously estimated at from 52 to 75, in nine major studios.

Some of the decorators, independent at the time, expressed a preference for the A.F.L. painters' union. To head off a strike, the National War Labor Board intervened and, pending action by the NLRB, directed the studios to recognize the painters as the decorators' representative.

• **Decorators Quit**—The studios refused. They knew that the I.A.T.S.E. could retaliate by yanking its projectionists from every important theater in the country.

That's when the decorators walked out last March—and with them about 2,000 other persons, members of other A.F.L. unions bound together in a so-called anti-I.A.T.S.E. compact known as the Conference of Studio Unions.

Little has happened in the meantime to distinguish the walkout from the orthodox marathon strike. There have been picket line skirmishes and shagbats, arrests, police blotter notation, injunctions, and petitions for injunctions.

• **Claims Contested**—There have been the usual pep rallies to keep up the strikers' zeal. There have been additions to and defections from the strikers' ranks. There have been boastful claims from the strikers that the studios were crippled, and from the studios that production was undisturbed.

To keep the studios going, the I.A.T.S.E. supplied carpenters, painters, electricians, and machinists to replace the strikers, and formalized this flow of labor supply by issuing charters in those crafts under its international banner.

• **Cardinal Sin**—Strikebreaking is the cardinal sin of trade unionism. In this case it was practiced against a group of unions which are more jealous of their crafts than any other—the building trades. They howled to the War Manpower Commission and were able to shut off the flow of new workers by stopping referrals from the United States Employment Service (BW-April 28, 45, p. 94).

And they howled to the A.F.L. executive council. By agile footwork, the executive council ducked the central issue—the squabble over the set decorators—but directed the I.A.T.S.E. to stop issuing charters in other craft jurisdictions.

• **Second Edict**—This slap on the I.A.T.S.E.'s wrist didn't dissolve the "illegal" charters that were already issued. Meeting again last month, the

Why one husband kissed his wife four times!



"Here's a kiss for the money you're saving... while it's coming in faster through the war years. I know in my bones jobs like mine may not last forever. Who can tell what's going to happen day-after-tomorrow? Thank God you've got sense enough to see that today's the time to get a little money tucked away.

"Here's a kiss for the War Bonds you're making me hold on to! I'd never do it without you, honey; it's too easy to find reasons for cashing 'em in—but when it comes time to put the children through school or pay for an emergency operation, we'll be thankful.

"Here's a kiss for the insurance you talked me into buying. I've felt a lot easier ever since I've known our future is protected—you and the kids would be safe if anything happened to me—you and I won't have to spend our old age living on someone's charity. And every cent we put in insurance or War Bonds or other savings helps keep prices down.

and

here's a kiss for being you—a woman with brains enough in your pretty head to make sure we don't buy a single thing we don't need in times like these—because you know a crazy wave of spending in wartime would march America straight into inflation. Baby, I sure knew how to pick 'em the day I married you!



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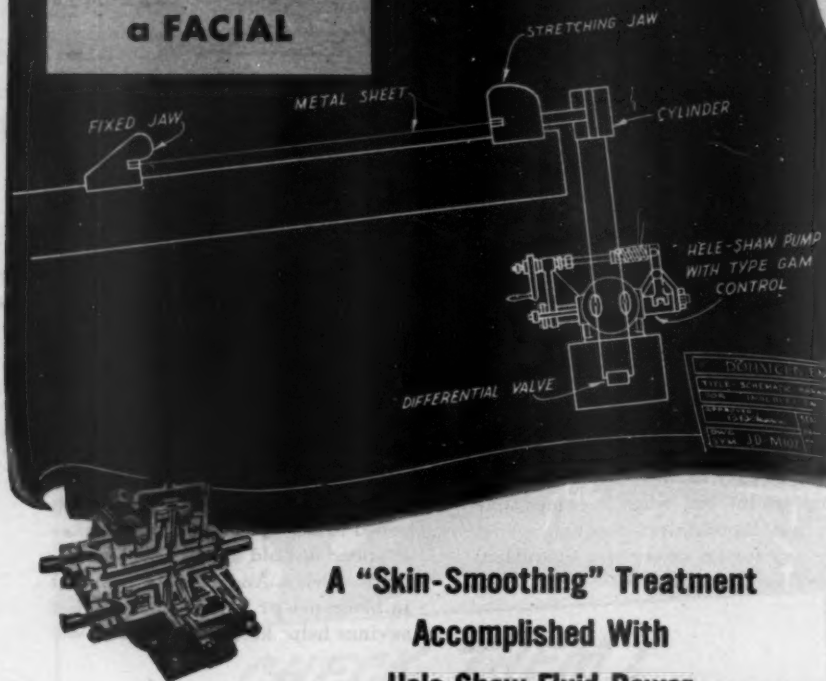
- when you buy anything you can do without
- when you buy above ceiling or without giving up stamps (Black Market!)
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council found it expedient to issue another edict. But the council gave the I.A.T.S.E. 60 days to get back into its own jurisdiction—a feat that wouldn't take much more than 24 hours if the I.A.T.S.E. wanted to comply.

At the same time, the council authorized William Green, A.F.L. president, to appoint a committee to investigate "communistic" activities in the studio unions.

• **The Tipoff**—This was the tipoff that support from the C.I.O. was, in conservative eyes, the kiss of death. Hollywood has bright splashes of red and its liberal dilettantes, but it is far from the nest of communistic intrigue that is pictured by sensation-purveying elements of the press.

NLRB has been slow to act, fully aware that the winner of this battle stands a fair chance of becoming top dog in the movie industry.

• **Election Held**—Late in May, many months after the NLRB had posed the question, NLRB got around to conducting an election to determine from the set decorators themselves which union they wished to represent them. Everybody was permitted to vote, strikers and strikebreakers alike; all the votes were challenged, and all the ballots, still sealed, were sent to NLRB headquarters in Washington to be counted.

Three months have passed since the votes were cast. Two thousand pages of testimony were taken in Hollywood a few weeks ago. But nobody yet knows who won the election because the board hasn't decided which of the ballots should be counted.

STRIKE CRIPPLES FORD

Ford Motor Co. operations were crippled at midweek as a walkout of 4,500 workers at the Kelsey-Hayes Wheel Co. plant at Detroit sharply reduced supplies of wheels and brake assemblies for Ford cars and trucks.

Kelsey-Hayes workers were called out by United Auto Workers (C.I.O.) officers in protest against management's refusal to order reinstatement of three workers discharged last April in a plant altercation with two foremen.

The company, carrying its stand to the automotive industry in a full-page advertisement in the *Automotive News*, contended its right to control and discipline employees is at stake. Meanwhile, strikes of 4,500 auto workers in seven Briggs Mfg. Co. plants over an accumulation of wartime grievances brought to 20,000 the number of industrial workers made idle by strikes in Detroit. Earlier Hudson Motor Car Co. plants closed when 6,000 production workers joined a strike by 500 foremen over demotion of one foreman.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK
SEPTEMBER 8, 1945



Key decisions on postwar economic policy can be expected from many quarters during the next two months.

The future pattern of Anglo-U. S. trade relations hinges on talks now under way in Washington between a British delegation, headed by Lord Keynes, and U. S. officials.

Basic problem is whether Britain can be induced to abandon the idea of controlled trading within the sterling bloc (British Empire plus such satellites as Argentina and many of the Middle Eastern countries) in return for a large U. S. loan to tide London over the next three to five difficult years.

Washington is prepared to cajole or threaten, as developments demand.

Despite bitter demands from certain quarters in Britain, London is expected to agree to some reasonably liberal foreign trade program in return for loans which may ultimately total \$5,000,000,000 but which, at the beginning, will be much smaller.

First instalment—and one likely to be announced before the Keynes' delegation leaves Washington—will be an immediate short-term Export-Import Bank credit to cover interim British purchases in this country until long-term loans can be negotiated.

Though all planning for an international commercial policy conference has been postponed until the outcome of the Anglo-U. S. financial talks in Washington is known, **individual nations are trying to maneuver into advantageous positions during the seven months likely to intervene before the meeting gets under way.**

Argentina is again threatening to refuse further sales of meat to Britain unless payment is made in free sterling. Blocked sterling held in Buenos Aires already totals more than £75,000,000 (\$300,000,000).

Canada, waging a vigorous campaign to hold enough wartime markets to assure the Dominion a larger than prewar share of world markets, is actively planning a continuation of mutual aid (Canada's version of lend-lease) to China, and is reported to be offering strong competition to the U. S. in such Latin-American markets as Mexico and Cuba.

Britain will soon strengthen its dollar position through the resumption of Malayan exports of tin and rubber—both in great demand in the U. S.

Whisky production quotas in Scotland have recently been boosted from 36% to 50% of 1938 levels, and further increases are expected before the end of the year. This hints at increased shipments of aged supplies and sets the stage for larger future exports of a major foreign trade item.

The Franco-U. S. agreement for the unblocking of foreign assets frozen during the war under the U. S. Foreign Funds Control is believed to set the pattern which will be followed in subsequent agreements covering a total of \$6,000,000,000 of locked-up foreign funds.

Reason for the delay in reaching an agreement with Switzerland is inability, so far, to force the Swiss to sift German-controlled accounts from the list and subject them to a systematic X-ray as one means of uncovering Nazi investment infiltration into the country.

You can discount rumors—some of them originating among U. S. Army

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
SEPTEMBER 8, 1945

personnel still in Europe—that the British pound will soon be devalued.

Britain has no difficulty now in selling any exportable surplus of any product, and this condition is bound to continue for at least another year.

To devalue now would deprive Britain of part of its export proceeds and would boost the cost of imports from all but sterling bloc countries at a time when the demand—for example, for U. S. equipment—is especially heavy.

The Labor government is expected to follow coalition policy in this field: to use depreciation only to stave off a major trade depression.

Individual companies are also pushing concrete plans for quick development of postwar markets.

Courtaulds, Britain's most aggressive rayon producer, has just announced that it will enter the textile machinery manufacturing field.

With the acquisition of one of the large, wartime, Ministry of Aircraft Production factories in Lancashire, Courtaulds plans to manufacture its own high-speed knitting machines, and ultimately to build for export.

In Brazil, the U. S. firm of **Johnson & Johnson** is reported studying proposals to build a factory where it would spin and weave its own materials for its large hospital and drug supply business, long established in Sao Paulo.

This follows the recent announcement from Canada that Johnson & Johnson is preparing to build a \$1,500,000 plant at Montreal where surgical dressings and kindred products will be made for the Canadian market.

And the **Studebaker Co.** has signed a contract with a local Brazilian firm not only for the immediate distribution of its cars and trucks but also for the erection of an assembly plant.

Note on potential Brazilian market: Rio de Janeiro officials have recently disclosed that negotiations are under way to bring 100,000 Italian immigrants to Brazil.

Sao Paulo, where the immigrants will join an Italian colony which already numbers more than 1,500,000, reports that the plans will be enlarged to include 500,000 as soon as shipping facilities are available.

Aware of probable delays in the resumption of European wine exports to the U. S. at anything like prewar rates, Chile is rushing a three-man commercial mission to the U. S. to survey new outlets for the Chilean product.

Introduced on a limited scale before the war, both Chilean and Argentine wines and liquors became fairly well established along the seaboard until the shipping shortage decimated the business.

Now, with improved standards of production and bottling, Chile especially is making a drive to resume the trade.

Don't be surprised if the War Dept.'s forthcoming report on plans for Germany reveals an important policy shift for the U. S. and British zones.

Careful study of political as well as economic factors is gradually forcing a modification in earlier proposals for the most drastic suppression of German industry.

Instead, control authorities will encourage the revival and possibly the expansion of those industries which have no direct war-making potential.

British critics are even more insistent than American that a realistic and more readily enforceable economic program be worked out for the Reich.

BUSINESS ABROAD

Insular Riddle

Philippine problem is one in which U. S. prestige, as well as the economic future of the islands, is definitely at stake.

American prestige in the Far East is at stake in the complex problems surrounding Philippine rehabilitation and future U. S.-Philippine political and trade relations.

Unless counteractive measures are taken, the United States is committed to giving the Philippines independence next July. Congress must weigh the effects of rescinding this promise on U. S. policy toward colonial problems of other nations, and on this nation's reputation for liberal colonial administration against potential results of cutting the islands loose before they have been helped to their feet economically.

• **Indifference**—In the State Dept., which would handle relations with a newly independent country, there is both indifference to, and lack of knowledge of, the Philippine situation.

In Congress, a laissez faire attitude toward compensating the Philippines for war destruction under the War Damage Act has caused Sen. Robert

A. Taft to propose a bill to admit the claims, but Sen. Millard Tydings is submitting a proposal that a flat sum of \$100,000,000 be appropriated. In Manila, where island damage is estimated at \$1,000,000,000, Washington's attitude is vigorously decried.

• **Tariff Question**—Under U. S. hegemony, the Philippines have been protected from the vicissitudes of trade competition by preferential tariffs. Independence would call for gradual elimination of this favored treatment. Secretary of the Interior Harold Ickes, as acting high commissioner, is said to favor a 20-year extension of the free trade policy, but so far no legislative steps have been taken to make this possible.

Meanwhile, war in the Far East has ended, but its effects linger and fester in the Philippine economy. Independence, with the application of tariffs by the U. S. on imports from the islands, would probably result in a coolie-and-rice civilization that could hardly fail to stir up a political tempest. And the natural target of the native politicians would be the United States.

• **Good Customer**—Under free trade, the islands have been one of America's ten best customers, sometimes ranking fifth and ranking eighth in 1940. In that last prewar year, the Philippines bought \$93,315,000 worth of goods in the U. S. and sold us \$89,632,000.

Purchases included \$9,639,000 of iron and steel products, \$7,729,000 of cotton textiles, \$6,232,000 of cigarettes,

\$3,454,000 of wheat flour, \$3,124,000 of trucks and passenger cars, and \$2,928,000 of rayon piece goods.

Many Philippine products are raw materials needed by the U. S., but their free entry is opposed by competitive domestic interests. Two currently scarce in the U. S. are sugar and coconut oil for soap-making. In 1940 the Philippines sent the U. S. \$43,528,000 in cane sugar and \$21,072,000 in coconut products (oil and copra). Other important commodities were abaca (for hemp rope) \$5,219,000, embroidered cotton wearing apparel \$5,075,000, cigars \$3,065,000, pineapples \$2,612,000, fine woods \$1,295,000, and chrome \$1,265,000. Higher prices on these items or lessened amounts would be felt quickly in the States.

• **Bonanza Will End**—Paradoxically, many Filipinos today have pockets full of good hard pesos, paid to them by the U. S. Army for military work, for souvenirs, or collected from G.I.'s in Manila's 1,400 night clubs. This bonanza will end any day. Then the picture that can now be seen outside the capital and Cebu and Iloilo will spread everywhere—a picture of small farmers living on home-grown rice in insufficient amounts, fish, bananas, and greens.

Country districts are reasonably well fed now by local fishing and by a fairly effective distributing system run by General Douglas MacArthur. The War Shipping Administration provided seven ships for interisland trade and last week 16 more were placed in Philip-



DID YOU EVER SEE A DREAM WORKING?

Yesterday's symbol of the World of Tomorrow at New York's World Fair has a new job quite in keeping with the theme of its old one. Steel from the famous Trylon and Perisphere now forms part of the furnace building (above) in Freeport Sulphur Co.'s Nicaro nickel plant in Cuba, whose output of nickel oxide is essential for alloys used in the new jet propulsion plane engines.

pine registry, including several fair-sized steamers.

• **Hester's Findings**—E. D. Hester, economic adviser to the high commissioner, who returned recently from a trip to the islands, where he lived for 25 years before the war, estimates that 85% of Filipino foodstuffs are home-grown. Rice, he says, was the most needed import; some 40,000 tons to 80,000 tons a year were formerly bought cheaply in French Indo-China.

Because the areas producing sugar and copra were the heaviest importers of rice, these two major industries will be hardest hit this year just when attempts at rehabilitation should get under way. A low rice yield in December and January is foreseen because many paddies were not planted, thus adding to the critical need for imported rice.

• **Worse in the Cities**—In the cities the food outlook is even worse. Black markets and extremely high prices have been commonplace. Recently, in a step to avert disaster, price ceilings were formally imposed and on Oct. 1, a regular ration plan will be introduced. The situation these moves are designed to correct is serious.

Bread is \$1 or \$1.50 a pound loaf. Rice was \$2 a ganta (5 lb.) on May 1 but has fallen to \$1.40 since the likelihood of U. S. shipments at 60¢ became known. French Indo-China rice used to sell for 14¢ a ganta. Sugar is \$2.50 a lb., tomatoes \$5 a lb., canned pilchards (sardines) are sold by the fish. An 80¢ chicken sells for \$2.50.

• **No Fuel Problem**—In spite of inflationary prices for foodstuffs, the Filipinos won't starve, Hester thinks. They have no real heating problem, and cooking and lighting fuel can be obtained from coconut oil. A shipload of foods, textiles, medical supplies, and building hardware, however, would make its owner rich.

The hesitancy of U. S. business to rush back to the Philippines is due chiefly to political uncertainties. So long as they fear unprofitable tariffs on goods they might manufacture for export, businessmen won't venture to rehabilitate the sugar mills, coconut plantations, the Japanese-owned deep-sea fishing industry, the lumber mills, the ports, or the tobacco buildings.

• **Hemp Is Moving**—Hemp, in contrast, is practically assured of free entry because it is so needed, and already the Philippines Abaca Management Corp., agent of the U. S. Commercial Co., is buying and shipping to California. The small amounts received are explained by the recency of Japanese evacuation of the continuously producing abaca areas.

One exception to American hesitancy

about reentering island business is the Procter & Gamble subsidiary, Philippine Mfg. Co., which will resume soap and margarine manufacture because it can sell its products locally and in the Far East.

• **Elections Coming**—Presidential elections, with their overtones of freedom-now-or-dominion-status, are scheduled for this month. President Sergio Osmena, 67, whose exile in the U. S. during the war and whose previous record of second man to the late president, Manuel Quezon, have diminished his prestige, favors postponement until May, 1946.

He might well find that an electorate aware for the first time of the economic dangers of sudden, complete independence will be understandingly ready to listen to new leaders. Manuel Roxas, president of the Philippine Senate, might be such a leader.

• **Proposes Modernization**—Roxas is stumping for financial aid from the United States—as well as for the presidency—but is not backing down on independence. He talks confidently of diversifying the agriculture of the islands and expanding industries. Rehabilitation will be faster with U. S. aid, he says, but with or without it the insular economy is due for modernization.

Surplus Overseas

Monetary problem is one among many as U. S. catalogs the first batch of war supplies for sale in European theater.

LONDON—The surplus property of American forces in Europe is going on the auction block.

Last week the first catalog, covering \$7,500,000 worth of supplies declared surplus between June 29 and Aug. 2, was made available to government officials and businessmen in Britain, France, Luxembourg, Belgium, and Holland.

• **At Intervals**—Other catalogs will be released at intervals listing the much greater quantities of supplies becoming surplus following Japan's surrender.

Out of 25 "lots" reported in the first catalog (supplies are divided into lots which must be purchased as units) eight are in Britain, valued at \$2,000,000; eleven are in France (\$2,500,000) and six are in the Low Countries (\$3,000,000). As new catalogs appear, it is probable that the bulk of the property will turn out to be on the continent.

By far the biggest lot so far declared



CASTING BREAD UPON THE WATERS

The insignia of Russia's rail system is stenciled on one of 1,500 freight cars turned out this summer by three Canadian companies for the Soviet under mutual aid agreement—Canadian version of lend-lease. Fearful of upsetting its present-day industrial balance, Canada continues to fill, among others, the needs of Russia and China (page 111) under mutual aid, hopes by such action to build the foundations for future solid commercial deals with beneficiary nations to keep its war-born industries alive and producing.



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The country is full of Armstrongs making screens and refrigerators do for a while longer. But they've been busy with plans (a good share fathered by Better Homes & Gardens), and when the war's over all their spending will be for the hand-blocked slipcovers, the French lilac hedge, the range that does everything except the marketing.

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surplus in Britain consists of medical and hospital supplies. Engineering and signal equipment accounts for most of the remainder, and includes such items as copper and steel wire, balloon barrage cable, and paints and varnishes.

• **Batteries and Cranes**—In France there are thousands of batteries, valued at \$1,500,000; twelve 17-ton diesel portal cranes, priced at \$50,000 per; and twelve 34-ton cranes at \$30,000 each.

The priority system which has been set up on surplus property invites buyers in the following order: (1) U. S. government agencies, for overseas use; (2) American charitable, educational, and relief agencies abroad (including the United Nations Relief & Rehabilitation Administration); (3) American manufacturers doing business abroad, who may want to buy their own trademarked goods for resale; (4) foreign governments buying for relief and rehabilitation; (5) the government of the area in which the goods are located; and (6) any other buyers.

• **Dollars Required**—Chief headaches are expected to come after U. S. agencies and UNRRA have taken their choice. Except for special cases, which must have U. S. Treasury and State Dept. approval, all transactions must be in U. S. dollars. It is hard for foreign governments to decide what to buy with limited holdings of dollars until all surpluses are declared.

J. M. Britten, former Philadelphia lawyer who is now Field Commissioner for the United Kingdom, faces a particularly difficult problem, since the British government is expected to allocate dollars only for supplies regarded as absolutely essential to the reconstruction program.

• **Sterling for Part?**—Popular interest in Britain centers on the hope that the sale of surplus properties will relieve some current shortages. What interests the business community is the unanswered question of whether Washington will accept sterling for a part of its wares and thus join the ranks of the many countries now holding sterling balances.

The weakness of the U. S. position lies in the fact that the Army cannot pull out of Britain and western Europe until all the property is sold.

• **Fearful of Pressure**—Every day the Army has to maintain a large personnel on guard duty increases the loss on surplus sales. Moreover, U. S. officials are fearful that political pressure will be exerted in Washington to get servicemen home regardless of the financial loss involved—which, in turn, by raising charges of dumping, will bring a howl not only from U. S. business struggling to regain foreign markets but from overseas competitors.

CANADA

Away From War

How Canada is affected by the tapering off of military output is revealed by Ottawa data on various industries.

OTTAWA—After the initial confusion caused by collapse of the Japanese, a fairly clear picture of the way war production is to taper off in Canada is now available.

Though there have been large-scale cancellations, much military production will continue at least until the end of the year, and the shipbuilding industry will be working on war orders well into 1946.

Data provided by the Munitions and Supply Dept. yield these facts:

• **Shipbuilding**—Four Tribal class destroyers on order for the Canadian navy will be completed. A large number of ships on order for the British navy and Ministry of War Transport will be finished. Ship repairs will continue to keep workers in a number of yards.

• **Aircraft**—Contracts for U. S. account notably Curtiss dive bombers, PB hulls and center sections have—in the main—been canceled. Work on components for the B-29 at Boeing's Vancouver plant has been materially reduced. Planes on the assembly line to fill British orders for Lancasters, Libcolns, and Mosquitoes will be completed, but no more are being started. The only Canadian order—70 Douglas type transports for the R.C.A.F., which is being filled by Canadair, Ltd., Cartierville, Que.—stands.

• **Gun and Small Arms Ammunitions**—Production of some types will continue until inventories are established.

• **Chemicals and Explosives**—All war production has been canceled except picrate which is being produced at reduced rate.

• **Armored Vehicles**—All production has been discontinued.

• **Automotive Vehicles**—Production of all spare parts for Dominion use stopped on V-J Day. Plants had orders on hand which would have kept them going until Mar. 31, 1946. Production for the United Kingdom will terminate soon, and cancellations on 57,000 vehicles valued at \$88,000,000 are in prospect, which, with spare part cancellation, will make the total cutback \$114,000,000.

• **Armament; Naval Equipment**—No cancellations have been received from

the British Admiralty yet on orders for uniforms and mountings. Orders for U. S. equipment will end at a fixed objective. Chief among these is an order for 57-mm. rifles (from two plants) which ends when 1,250 are completed. Tools and materials are to be returned to the United States.

Instruments; Signal Devices—U. S. orders have already been canceled, but British and Canadian are standing since stores of some new types of equipment need to be built up.

Clothing and Textiles—No cancellations have been made except 600,000 yards of antimosquito cloth and greatcoats and jungle boots for British account. The British require 40,000 battle dress outfits monthly until June 30, 1946, and 50,000 blankets monthly until Feb. 28. The Canadian government's monthly requirements, with no time limit set, are changed as follows: battle dress, cut from 75,000 units to 20,000; boots, cut from 88,000 pairs to 60,000; woolen underwear, increased from 20,000 to 24,000 suits; socks cut from 380,000 to 253,000 pairs; shirts increased from 60,000 to 75,000.

Despite layoffs and demobilization at the rate of about 140,000 a month, continued shortage of men for packing plants, lumbering, agriculture, and the textile industries is still reported prevalent.

From Suits to Houses

TORONTO—One of this city's largest industrial firms, Tip Top Tailors, Ltd., national chain of ready-made clothing stores, has announced its entry into the low-cost housing field under Canadian government auspices. Five hundred dwelling units will be built on a cleared "slum" area of 20 acres, at an estimated cost of \$3,345,000.

Renting units will range from bachelor apartments to five-room family apartments. Rents may be set somewhat below the current rate for similar accommodations. Provision is being made for gardens and playgrounds.

• The Canadian government's National Housing Act permits private companies to build low-cost housing with government aid up to 90% of cost, payable over 50 years at 3% (BW-Jul. 14'45, p116). Tip Top Tailors will administer the property, and has already discovered that many of its employees are hoping to be tenants.

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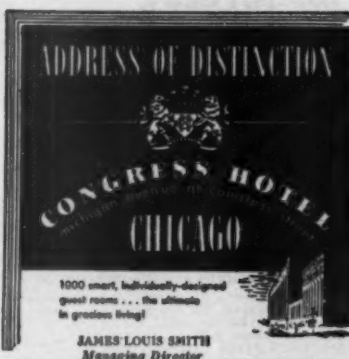
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THE MARKETS

(FINANCE SECTION—PAGE 63)

Although Wall Street obviously has decided to go bullish on reconversion, traders came back from the Labor Day week end in a comparatively cautious frame of mind. Buying turned selective as soon as the market opened on Tuesday. The stock list made a ragged showing, and the blue chip industrials that paced last week's advance tended to drift horizontally.

• **Changes in Fractions**—The bears made no real effort to take over, however. Whenever prices softened, volume trailed off. As a result, most of the price changes were measured in fractions.

A number of cagey traders still say that they won't feel comfortable until the market has suffered—and survived—a genuine secondary reaction severe enough to squeeze out the faint-hearted buyers. They argue that the slump just before V-J Day was neither long enough nor intense enough to tamp down the previous gains, and they predict that the cure will have to be repeated before too long.

• **Signal to the Orthodox**—Dow theorists also worry about the stubborn refusal of the rail average to come to the party. Although the headlong drop in the rail list has been checked, there are yet no signs that the average will pull itself up to confirm the new high just set by the industrials. To an orthodox Dow man, this is a clear danger signal, and any further uneasiness in the industrial list will underline it.

There's still plenty of time for the rails to stage a rally, but investors are inclined to be dubious just now. The main basis for a recovery in rails at this time would be a more optimistic estimate of the traffic they can expect in

the next year or so. To this extent, the general optimism about reconversion prospects should benefit the rails. But regardless of traffic the roads will face an uncertain wage and rate situation.

• **Back Six Years**—When the market opened Tuesday morning, many traders let their thoughts wander back six years to Sept. 5, 1939. That, too, was a Tuesday after Labor Day, and it was the first day of trading after war broke out in Europe. This Tuesday was the first day of trading after the formal declaration of the war's end.

Sept. 5, 1939, saw the start of the short-lived buying spree that ushered in the war. The Standard & Poor's average of 50 industrials closed at 124.6, up 13.6 over the preceding week. This week it stood at 150.7. The rail average then closed at 29.1. Now it is 54.3.

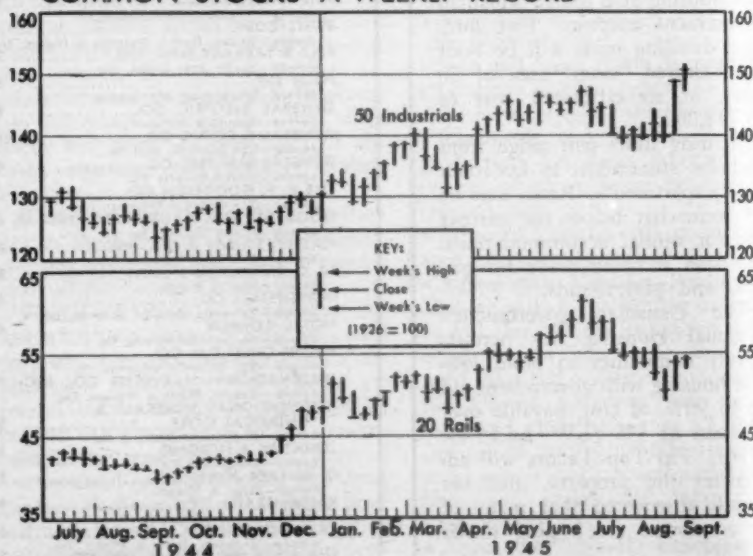
• **Then and Now**—War babies—or what the buyers hoped would be war babies—were the favorites in September, 1939. U. S. Steel, which had closed at 52 the preceding Friday, bounced up to 66½ on Tuesday. This week, it was fluctuating around 72. General Motors hit 51½ on Sept. 5, 1939. It's now around 72.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial . . .	150.7	148.9	139.8	126.0
Railroad . . .	54.3	53.9	53.8	41.0
Utility	71.3	70.2	69.4	55.6
Bonds				
Industrial . . .	121.1	121.2	122.3	120.9
Railroad . . .	114.2	114.1	115.0	106.9
Utility	115.5	115.5	115.4	116.4

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

How Much Credit?

The war brought restrictions on installment buying as a means of preventing inflation while consumer goods were scarce. The scarcity still plagues, and inflation could now be even more of a threat. However, for those who are looking ahead, a letter from a western reader makes some interesting points on the credit problems with which we must deal.

* * *

"As peace returns, credit facilities undoubtedly will have to be increased to provide a more steady and expanded demand for production. Investment specialists may be expected to work out credit plans that will be sound at the time they are introduced, and it is logical to assume that they will be flexible enough to meet changing conditions in the money market.

"In both war and peace the principal interest in credit control appears to have been centered on how much an individual ought to be permitted to go into debt. But there is another important question that seems to merit consideration in the future: How long should an individual contract to keep himself in debt?

"The corner grocer has always endeavored to limit accounts to 30 days, because food is expected to be consumed within a short time after purchase and there is little chance to recover in the event that the account is closed for nonpayment. Finance plans for durable consumer goods often run from one to three years, but in virtually all cases efforts are made to have the accounts closed within one-third to one-half of the normal life of the article sold.

"A corporation is created under state laws. It can assume obligations, just as an individual does, but it also can extend its corporate life when that seems advisable. History has shown how difficult it is to predict accurately the probable financial status of a company a decade or a century in advance. But there is ample evidence that a soundly managed corporation can train young men to succeed those who eventually must retire, and thus continue profitable operations over a long period.

"There is a definite limit to the life of an individual, however. And only a portion of it is productive, under the best of circumstances. It is only natural that long-term obligations of a corporation should be more attractive in the

money market than a long-term promise to pay signed by a person.

"This subject is timely because of the trend toward extension of the time in which individuals are permitted to remain in debt, especially in connection with the purchase of homes and farm lands.

"The practice, in recent years, of amortizing principal and interest in mortgage payments undoubtedly has been of value for it has permitted buyers to add to their equities with each payment and eventually to obtain clear titles. There was a time when it was felt that 15 to 20 years was the most that a real estate mortgage, signed by an individual, ought to run. However, there is increasing evidence that this deprives a large number of average wage earners of the opportunity to own their own homes. So there is pressure for home mortgage loans to be issued for 30 to 35 years, with the initial equity as low as 5%.

"Home loan associations, savings banks, and insurance companies generally doubt the wisdom of such a proposal, arguing that a buyer with such a small equity has little incentive to hold the property in the event of a depression. And some prospective home owners undoubtedly will find the idea unattractive when they figure what the interest, at 4% or 4½%, would amount to in 30 years.

"Still the incentive to own one's own home is strong, and the lure of an extremely small down payment and low monthly charges over a long period would be difficult to resist if such a program were to be adopted voluntarily, or were forced upon the investment field through the creation of an agency, under federal auspices, that offered 'attractive terms.'

* * *

"Already there is such an agency in the farm field. The Bureau of Reclamation offers contracts to put water on rich but parched western lands, with the costs to be amortized over 40 years. Under this plan, even a young man who signs up will be well past his normal retirement age before the final payment comes due. And no one can predict the range of farm and livestock prices in the next 40 years.

"Some can pay out. Some will go broke. An average cannot be struck. But to the average man who ponders home or land ownership the question must continue to be not how much he shall go into debt, but for how long."

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GENERAL ELECTRIC

THE TREND

REBUDGETING TAXES FOR RECONVERSION

The first thing to understand about the revised federal budget just announced for the fiscal year ending June 30, 1946, is that it is not a peace budget, but still a war budget. Or to put it more precisely, it is not a reconversion budget, but rather a demobilization budget.

- Of the over \$66-billion total expenditure, more than \$50 billion is still ticketed for war activities. And most of the other \$16 billion is for the "aftermath of war"—almost \$5 billion for interest on the debt, about \$3 billion for veterans' pensions and benefits, over \$2 billion for excess-profits tax refunds, and over \$2 billion more for contributions to the new international financial institutions outlined at Bretton Woods. Only a little over \$3 billion is set down for peacetime activities—civil government, public works, agriculture, and the like—or just about as much as in previous war years.

In addition to payments for munitions already produced since July 1 and for those few yet to be made even after the cutbacks, there are two other large war items. One of almost \$25 billion is for the continuing outlays on pay, subsistence, and transportation of the substantial armed forces which we shall be carrying over this fiscal year of gradual demobilization; the other—about \$5 billion altogether—is for discharge pay to servicemen and termination expenses of war contractors.

On the revenue side, too, this is still a war budget. For the estimates are predicated on the tax laws and rates now in effect. The figure of \$36 billion for fiscal 1946 receipts is lower than the \$46 billion for fiscal 1945 primarily because of an anticipated drop from our war-fevered levels of national income and business activity.

- The second important point about the fiscal 1946 budget is that it pertains to a year of rapid change. The budget figures strike an average of actual rates. Both income and outgo on last July 1 were running at a much higher yearly rate than the budget averages show—and both will be running lower than the budget averages by next June 30.

The principal war expense for 1946, servicemen's pay and subsistence, will begin to flatten out in mid-1946 at much lower levels, once the Army pares to its goal of 2,500,000 men and the Navy to its goal of 500,000 men; discharges and discharge pay will also be down sharply then. Somewhere around the same time, too, contract termination expenses and excess-profits tax refunds should begin to wind up.

There will be increases in nonwar expenditures—for veterans' jobless benefits, aid to agriculture, social security, regular public works. But if we get no extraordinary postwar government spending programs, federal expenses, all in all, should be running in the neighborhood of \$30 billion a year when the major demobilization has been com-

pleted some time around mid-1946. A lower, final postwar level of perhaps \$20 billion a year can be reached only gradually over the following postwar years.

Tax revenues also will be declining in the course of the current fiscal year. They will be running (slightly above expenditures) at a rate of something over \$30 billion a year towards the end of fiscal 1946, if the national income is running at a rate of about \$130 billion a year (as against the recent wartime peak rate of \$165 billion a year). That level of business activity is what most economists are figuring on for mid-1946; it would be 10% or so short of the level needed for full employment.

- What would various possible tax reductions cost? Repeal of the excess-profits tax would lower receipts by about \$2 billion a year; a further drop from 40% to 30% in the corporate tax rate would cost almost \$2 billion a year more. Repeal of the 3% normal tax on personal incomes would mean about a \$2.5 billion drop in revenue; an additional flat 20% cut in all personal income taxes would reduce collections by almost \$3 billion. The death of special wartime excise taxes on luxuries six months after declaration of peace would cut federal income by about \$1 billion; a further 50% slash in other excises would amount to almost \$2 billion a year.

To take all these tax reductions—aside from such other possibilities as an end to double taxation of corporation dividends—would lower total receipts to about \$20 billion a year. And that is the level at which many experts hope fully project final postwar federal expenditures.

Quite clearly, we cannot cut taxes very much or very fast and still have a balanced federal budget, even a year or two from now, even at a high national income. Many in Congress are still thinking about budget-balancing and many feel, as Sen. David I. Walsh expressed himself last week, that we must wait before cutting taxes to see what the drop in the national income will be.

- However, what Congress does about taxes will have considerable effect on the level of national income that we actually will hit. And the recommendation has been made by Prof. J. M. Clark, for one, in a study for the Committee for Economic Development, that in the coming period, "we should be prepared to incur some further deficits if they naturally result from . . . removal of taxes tending too seriously to restrict either consumption or investment" (BW—Jan. 6'45, p.120).

In the end, the need for some tax reduction on one side, and for continuing substantial revenue on the other side, will not leave too wide a range for choice of action. Yet Congress will have to make some very important decisions that will strongly affect our economy when it does sit down soon to rewrite the tax laws as the revenue side of a reconversion budget.

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